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SWEDEN, NORWAY AGREE ON NATURAL GAS PIPELINE PROJECT

Stockholm SVENSKA DAGBLADET in Swedish 16 Nov 81 p 26

[Article by Sophie Petzell]

[Text] Norsk Statoil has signed an agreement with the National Swedish Power Administration for a joint preliminary projection of the big pipeline for natural gas from Nordkalotten through Sweden with connection down to the continent.

The Swedish Power Administration has already been given the task by the Swedish government to find out, together with Swedgas, how to build the natural gas pipeline from North Norway. The Swedish Power Administration has received a grant of 75 million kronor for investigations into the matter. If the pipeline is built, it will become Sweden's largest industrial project ever--the costs have been evaluated at 20 billion Swedish kronor.

According to the agreement entered into last Friday, Statoil will now look into the economic and geographical possibilities of building the pipeline from the find at sea to the Swedish border. The Swedish Power Administration will take over the Swedish side somewhere near Treriksroset and will again leave the task to Statoil at the Scania border. Statoil will look into the possibilities of carrying on the pipeline to the continent.

Uncertainties

Minister of Industry Nils G. Åsling tells SVENSKA DAGBLADET that the arrangement constitutes another step on the road toward the realization of the pipeline. The fact that the Norwegians now take part in the projecting is very important, he says, but the uncertainty is still great. It is uncertain how big the Norwegian gas and oil finds at Nordkalotten actually are.

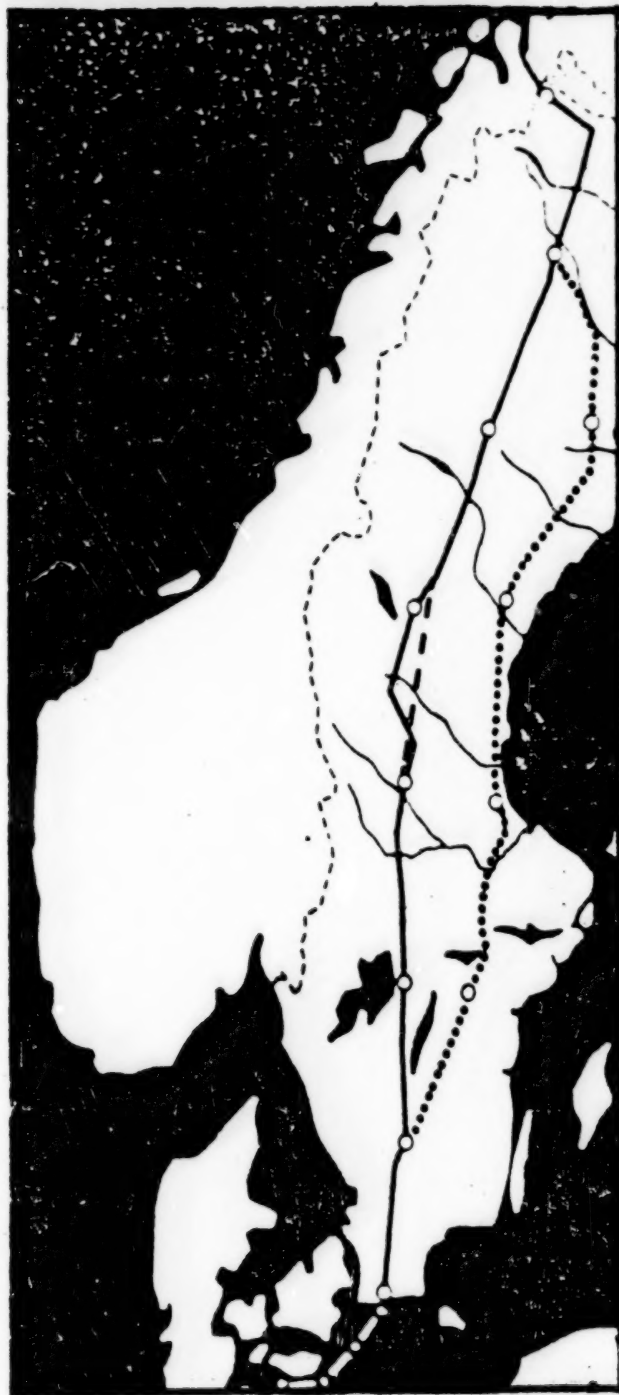
Another few years of projecting will be needed before one becomes certain.

If it turns out that the gas finds are relatively small, it will be more profitable to cool the gas and transport it by LNG [liquid natural gas] ships to the places of destination or to use it directly for the chemical industry. If, however, the finds are large enough, the giant project with the pipeline will be carried through.

Ready in 1983

Statoil and the Swedish Power Administration will have to have their report ready by July 1983. At that time, more details of the gas finds will, moreover, be available. A joint study group will work together with the Norwegian and Swedish working parties.

The idea is for Swedish consumers to get gas from the pipeline, which, at the same time, will re-export gas to the continent.



Norsk Statoil will investigate the route of the gas pipeline in Norway and from the Scania border further on to the continent. The Swedish Power Administration and Swedgas will investigate the route in Sweden. The chart shows some of the alternative routes through Sweden that have been discussed.

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REPORT ESTIMATES PROFITABILITY OF NORWAY, SWEDEN PIPELINE

Stockholm DAGENS NYHETER in Swedish 28 Nov 81 p 8

[Article by Bjorn Lindahl]

[Text] In order for a gas pipeline through Sweden from North Norway to be profitable, the Norwegians must make an enormous find of gas off Troms.

The annual production must amount to at least 18 billion cubic meters in order for the project to be profitable. That corresponds almost to the entire Swedish oil consumption.

This conclusion was drawn in an inter-Scandinavian report requested by the Nordic Council of Ministers. The survey has been going on for 18 months, and the report on the survey will be presented on 7 December.

A relatively small share of the gas, 4 billion cubic meters annually, may be sold at Nordkalotten and in Sweden. Finland has shown interest in a connecting pipeline from the Luleå area right across Bottenviken [northern part of Gulf of Bothnia].

The study has been working with three different alternatives for gas transport, viz. 6, 12, and 18 billion cubic meters annually. The costs would then be 14, 19, and 27 billion kronor, respectively, in terms of the current money value.

If a small find is made, and the gas price becomes low, it will be worthwhile to transport the gas via LNG vessels from Norway. The advantage of such a solution is that it may be expanded gradually, whereas a gas pipeline must be made ready before it can be utilized, which involves heavy capital expenditure.

During the build-up phase of a commercial find, the report expects the employment generally to be distributed with 7,000-8,000 people in North Norway, 1,000-1,500 people in Norrbotten and 600-800 people in Finnish Lapland.

The report also makes concrete recommendations as to what may be done to improve the Nordkalotten area for the oil activities.

Among these things are:

Increase the competence of enterprises at Nordkalotten through research and development contracts.

Set up oil consultants in the Lapland, Norrbotten and Nordkalott committee.

Evaluate the possibilities of utilizing the training facilities in Norrbotten and the Finnish Lapland for training of personnel attached to the oil industry.

Find out which Swedish and Finnish enterprises may be suitable for supplies.

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COMMITTEE TO EXAMINE ALTERNATE ENERGY SOURCES

Stockholm SVENSKA DAGBLADET in Swedish 7 Nov 81 p 10

[Article by Bo Ostlund]

[Text] Already in slightly more than 25 years, Sweden must base its energy supply on energy sources which today are so insignificant that they do not even appear in the energy balance sheets.

That is the point of departure for the work to be performed by the government's parliamentary committee on nuclear power replacement--and, preferably, without ending up in new political deadlocks on energy.

The committee includes the old guard which in 1979 fought each for their line in the referendum on nuclear power, but since then the Swedish parliament has adopted its energy policy resolution in which it says that nuclear power must be eliminated by the year 2010.

The chairman of the committee will be Director-General Hans Lowbeer, and the committee will include the former chief advocate of Line 1, Per Unckel, M.P. (Conservative Party), the Line 2 strategists Hadar Cars (Liberal Party) and Birgitta Dahl (Social Democratic Party) and the former Line 3 leader Borje Hornlund (Center Party) with his Line 3 friend Hans Francke (Communist Left Party).

The government has appointed as experts Gunnar Lundberg, Ministry of Industry, and Krister Nilsson, Ministry of Labor.

Minister of Energy Ingemar Eliasson fully appreciates the difficulties which the committee will be up against--right now, nuclear power accounts for nearly 40 percent of the Swedish power supply, in a few years (1985-86) it will account for well over half the entire power requirements.

This will have to be replaced by domestic renewable energy sources. In 25 years.

There are those in kanslihuset [Swedish government office building] who already today are saying that we are now seeing the embryo of a new big energy commission.

For if the Swedish politicians seriously mean to eliminate nuclear power and get out of the dependence on oil, at the same time as the rivers which are left must remain intact, and at the same time as log-fire stoves are stopped, and the forest raw materials must primarily go to the forest industry for our export, it will be a question of the biggest techno-economic challenge which any industrial country has faced so far.

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BRIEFS

SOLAR ENERGY PROFITABILITY EXAMINED--It is still uncertain how important solar energy will become in the energy supply of Sweden. The state should, therefore, continue supporting research on solar energy for perhaps another 10 years. Not until the nineties, if, indeed, then, will solar energy become competitive. This appears from the report Solar Energy Research from the Swedish Energy Research Board. The report is an evaluation of the contribution made by the state in the area and will, in time, be sent to the government. The government grant for solar energy research amounts to approximately 80 million kronor a year. In the report, it is proposed to retain that level up to 1990. The future of solar energy depends on the development of less expensive sun seekers, for radical new designs are needed, the costs must be lowered appreciably in order for solar energy to be able to compete with oil. If the research efforts are successful, solar energy may provide 5 terawatt-hours (billion kilowatt-hours) of energy annually in the nineties. Sweden's total energy consumption is well over 400 terawatt-hours. [Text] [Stockholm SVENSKA DAGBLADET in Swedish 7 Nov 81 p 9]

OIL FIRMS PREPARE CRISIS PLANS--Oil firms in Sweden prepare for future difficult times. All of them are going in for lighter products, such as gasoline--here, the market will not shrink as for fuel oils. None of the oil firms operating in Sweden has said that they intend to back out. None of them shows any profits this year--some are operating at a loss. Svenska Petroleum accounts for the heaviest losses. The state-owned firm does not have its own gasoline-pump chain either. Swedish oil imports have dropped since last year, and this trend is most likely to continue. All of the firms know that it is primarily the quantities of fuel oils which are decreasing. Gasoline sales continue and increase somewhat, despite the price increases. It is here that the future is found in Sweden. No alternative and inexpensive fuel for vehicles exists, nor will it be found within the foreseeable future, even if concentrated efforts are made in respect of ethanol. The already established international firms and the cooperative OK [Swedish Oil Consumers' Union] are having a hard struggle against Svenska Petroleum on account of the continued shrinkage of the market. All of them find that SP, which receives government support this year, distorts the competition. SP will remain, though its size will be reduced. Incidentally, cooperation is being discussed between SP and OK. [Text] [Stockholm SVENSKA DAGBLADET in Swedish 10 Nov 81 p 27]

DESPITE UNSOLVED PROBLEMS, USE OF WOOD CHIPS INCREASES

Stockholm DAGENS NYHETER in Swedish 17 Nov 81 p 12

[Article by Åke Lidzell]

[Text] Wood chip firing in the country is increasing but is subject to problems which must be solved. This was confirmed at the inauguration last Monday by County Governor Harald Pettersson of the country's first big wood chip terminal at Hissmofors outside Ostersund.

Here, Nydo Energy, owned for 50 percent by Nynas Petroleum and the Swedish Forest Service, respectively, produces approximately 250,000 cubic meters from forest land per year. Sixty-five percent of this quantity, 170,000 cubic meters, go to Ostersund's District Heating Plant, Inc., OFAB. The entire energy yield is equivalent to 10 percent of the oil consumption of Jamtland county.

The biggest problem with wood chips is the production of an even quality with a fairly exact moisture content and weight. Only when this problem has been solved can the industry develop fuel systems which suit large-scale and small consumers.

The fact is that approximately 40 percent of the wood is left over as waste at the felling places. That part and peat play a big role in the government's energy proposal which aims at lowering the current dependency on oil from 67 percent to 40 percent by the year 1990.

"In Jamtland, 5 million cubic meters of wood raw materials are felled annually, and, in addition, 2 million thus becomes waste," said County Governor Harald Pettersson. Out of this quantity, one may, with a clear conscience, use one-third (700,000 cubic meters) for wood chip firing. Which today provides jobs for 90 men in the lumber companies and 10 men with Nydo in Hissmofors, an area subject to a high rate of unemployment.

The wood chip terminal has a catchment area of a radius of approximately 100 kilometers. The major advantages over mobile wood chip choppers are:

1. One may mix different raw materials of different moisture content to obtain an even quality.
2. Wood in pole lengths is sorted out--the operation in the boilers becomes safer.

3. Secure supplies--small storage costs for buyers.

4. The raw materials are stored and may be chipped according to the demand.

"The waste of wood in the country is equivalent to approximately 6-7 million tons of oil per year," said Nydis managing director, Lars Ojefors. The total quantity of peat corresponds to the present oil import for 100 years (!) and, within 10 years, it should be possible for peat to replace 3 million tons of oil per year.

Østersund's District Heating Plant, OFAB, now gets one-third of its energy needs from wood chips, equivalent to 13,000 cubic oil. By 1990, 75 percent of the oil will have been replaced. So it is hoped.

But the new wood-chip-firing plants of OFAB not only take up much more space than oil burners. They are also three times more expensive, totalling 23 million kronor. Out of the overprice, the state pays half.

One oil-produced megawatt costs approximately 170 kronor as against 110 kronor for the wood chip-produced megawatt.

Out of the wood chip terminal's 8 million, the State Industrial Board has contributed 3.6 There, 6,000 cubic meters may be stored under roof.

Chip-firing already takes place in several municipalities, among them Mora, Vaxjo and Boden, but the wood chip terminal at Hissmofors is the first one of its kind.

"We need 100-150 terminals around the country," estimates Lars Ojefors. "Now, we shall get experience at Hissmofors."

Nydo's competitors will also learn to study that experience.

Nydo has a concession for birch wood and other wood up to a 10 centimeter thickness.

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NEED FOR GOVERNMENT JOB CREATION PROGRAM DISCUSSED

Hamburg DIE ZEIT in German 20 Nov 81 p 17

[Article by Dieter Piel: "Pressure Is Increasing--Even Though it Will Do Little Good: Bonn Can Hardly Avoid a Job Creation Program"]

[Text] The castle in which the enemies of so-called "short term activism" and the opponents of "job policy programs" have entrenched themselves is still standing. It was a foregone conclusion that the men under siege would survive the attack by 26 leading trade unionists who had made an appointment for last Thursday with the Bonn cabinet and who had one particular demand in mind: to manage the rapidly increasing unemployment, the state would have to come up with multi-billion mark spending programs as quickly as possible.

It is still only a question of time when this much-demanded program will come about --and a question of semantics as to its name. It cannot be simply designated a "program" inasmuch as eager Hans-Dietrich Genscher and slightly disenchanted Graf Lambsdorff have stated at every opportunity that state spending programs are hardly anything but expressions of nervousness and of political impotence.

Judging from the FRG chancellor's hints, the moment could arrive in January, at the end of which month the cabinet traditionally issues its annual economic forecast for the new year. Helmut Schmidt has indicated that he would be "open" to any suggestions which could be discussed in connection with that annual economic report. Another possible turning point for Bonn's fiscal policy could be the moment when the monthly unemployment figure reaches 1.7 or even 1.8 million. Within the cabinet there are somber predictions that this point could be reached as soon as next February.

Only vague speculation is possible to date about the events of that unspecified but probably unavoidable day, because the necessity for additional investment expenditures by the state has too long been ignored while emphasizing government economy, despite an increasingly poor outlook for the economy. No thought whatever had been given to the size and purposes of justifiable additional expenditures.

The onesidedness of this attitude is now coming home to some of the steadfast cabinet spokesmen who until now, in concert with Bundesbank President Karl-Otto Poehl, had been preaching against any temptations of engaging in job creation politics. Says one of them: "We could have made some changes in the size of the

budget and new debt at the latest during the last budget deficit (which was taken care of 3 weeks ago)." But for official purposes, the chancellor's motto stands: no additional expenditures above the planned DM 240.47 billion; no new debts beyond the planned DM 26.50 billion; no tax increases; no cuts in the "safety net" of social security. And for all that, it is planned to pursue budgetary policies "appropriate" to the economic situation. The word is getting around that this would be difficult to accomplish.

Inasmuch as increase of 2.8 percent above this year's spending at a time of significant inflation and a weakening economy would indicate the conduct of an extremely "pro-cyclical," i.e., economy-depressing policy, it is likely that within a few weeks a decision will be made to initiate that which is still considered abominable today: more debt. So as not to lose the image of economy consciousness, there will no doubt be some cuts in expenditures also. The Laender will be the primary beneficiaries of those cuts.

Great Expectations

The parliament has already received their proposals for cuts in the overloaded social programs, for a speedup in reforming the right of asylum law and for reducing the stream of payments under the Federal Law for the Advancement of Education. Ratification of these proposals will produce breathing space and money--the Laender have an almost greater law, of these than has the Federation. The Laender will be able to do what would have seemed hopeless just a few months ago: contribute to further, investment-stimulating expenditures, such as in housing construction.

The probable extent of such a program will certainly lag far behind the proposals of the Federation of German Trade Unions (DM 50 billion within 5 years) and still farther behind the recommendations of the German Institute for Economic Research (DIW) in Berlin, which advocates DM 130 billion during the same period. Anyone forecasting an annual volume of about DM 3 billion should be just about correct.

Unavoidable Disappointments

The arguments will continue until it happens. While the DIW is fighting for a long-term growth offensive by the state and for this purpose demands "a massive increase in public investments," the Federation of German Banks can see salvation only in "cost-reducing salary contracts for 1982." Still higher taxes or an additional governmental bond issue to finance job creation programs would serve only to deprive the private sector of funds for productive purposes. Bank cooperatives are warning also that "both of these measures would further depress the already low incentives for investment."

But even if a program would see the light of day after all, all those would suffer disappointments who:

- expect a quick upturn in the economy and employment. A period of at least 6 months elapses until government contracts are issued and in any case, possible additional government contracts would involve projects which would result in only medium and longterm benefits in energy, employment and environmental matters;

- would expect, as a result of official efforts, more distributive latitude for the trade unions--this would be opposed by the Bundesbank's resolve to cling to its policy of stability and not to miss an opportunity for improving the foreign trade situation;

- would expect to see a repetition of employment impacts similar to those which were possible during the 1960s--times have changed. Policies similar to those advocated by British economist Keynes would have little prospect of success today.

Stuttgart Metal District Chairman Franz Steinkuehler and other trade unionists appear to have tremendous illusions about these impacts on employment. Government projects do nothing for employment so long as it remains "below the productivity threshold," when, in other words, new orders can be absorbed by efficiency measures or so long as men and machines do not work at full capacity and with variable work schedules. Given these conditions, the state can today hardly do more than to reduce the rate of loss of employment in the years 1983 and 1984.

The construction sector is the only one where the government could see to it that those estimated 150,000 workers stay employed in 1982 who under today's circumstances must count on losing their jobs--if the government were to make quick and courageous decisions. Such courage would of course cost more than money. It would have to be extended to include the amendment of anti-investment laws, especially those which supposedly benefit rent protection. Appropriate action in the building sector could at the same time prevent another dramatic increase in building costs in case of an eventual upturn in the economy, due to the nonavailability of previously furloughed personnel.

But in the other sectors, be it a crash development of a district heating network or environmental protective measures, every mark spent by the state would probably entail another DM 1.40 of private investment. Such a "multiplier" of 1.4 would in the 1960s have been considered ridiculously low. Even at the start of the state's 4-year "Future Investment Program" (ZIP), which was responsible for an investment of more than DM 20 billion in 1977, Bonn counted on a "multiplier" of 1.8. In the meantime it has become obvious that such expectations are too ambitious.

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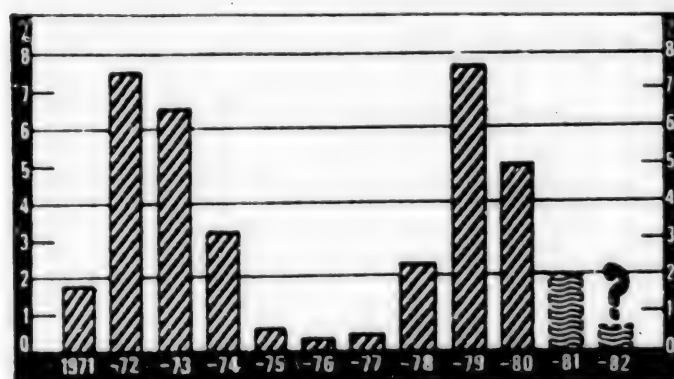
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ECONOMY BEGINS DOWNTURN AFTER THIRTY MONTHS OF GROWTH

Stockholm DAGENS NYHETER in Swedish 11 Nov 81 p 7

[Article by Bo A. Ericsson]

[Text] Helsinki--After 2 1/2 record years jobs and the economy have begun to darken in Finland too. Recently many businesses have started to issue layoff warnings and job closings, unfilled jobs have declined in number and unemployment has started to rise. Right now about 110,000 people lack work and it is feared that in a few months the figure could increase to around 130,000--or about 6 per-cent.



This shows how Finnish economic growth has developed since the beginning of the 1970's. After the record year of 1979-80 a sharp downturn set in this fall. Just now Finland is actually in a state of what is called zero growth. The job market is expected to deteriorate gradually.



Unemployment

Close to 15,000 jobs are threatened next year within Finnish industry as a result of the downturn that has now begun. After a few years of decline unemployment turned upward again this fall. But not all Finnish industries are starting to feel hard times today. In shipyards for example order receipts are good and jobs are guaranteed for several years into the future.

It is the generally poor activity of the economies of western Europe that is now beginning to make an impact in Finland too. In the past this could be compensated for through sharply increasing exports to the Soviet Union. In this way Finland has been able to handle the increasing oil bills.

But now a balance has been achieved in Soviet trade they say at the Finance Ministry and no further increase in exports eastward can be expected next year. This means harder times are approaching for the job market.

The decline comes after a period when Finland had the largest economic growth in the entire western industrialized world.

This has meant the addition of as many as 160,000 new jobs since 1978--about 50,000 in industry, the rest in the public sector and in private services--while at the same time wages increased in real terms.

This employment gain has no counterpart in the other Nordic countries. Not even Sweden with a job market almost twice as big as Finland's reached similar figures in this period.

Zero Growth

And 1981 also started out well but especially in the fall a sharp downturn occurred, so sharp that Finland has what is called zero growth just now.

Thanks to a good first half the final result for the year will be a growth of around 2 percent.

Against this background forecasts for 1982 have had to be revised downward several times in the fall and it is quite generally agreed now that the economy next year can't grow more than between 0 and 1 percent.

Developments in western Europe generally will be decisive for this. What the Finance Ministry hopes for is a recovery next fall but this forecast is not entirely sure.

Thus it seems that Finland can expect a further deterioration of the job market in 1982--when the country actually needs the exact opposite to happen.

Next year the general number of people in the most productive age groups will increase while Finland now has a so-called migration surplus with Sweden.

It has occurred because fewer Finns are moving to Sweden today and the poor job market is a factor--while at the same time Finns in Sweden are increasingly starting to move home. These people can now find it hard to get a job.

Good Years

During the good years Finland was able to sharply reduce unemployment but not to any less than around 4 percent.

It is true that there are more jobs but at the same time the number of those seeking work is rising, industry has been rationalized and automated and the shortage of professional workers grew. Simultaneously the enormous regional differences between industrialized Finland and other parts of the country remained unchanged. Today for example unemployment in the Helsinki area is no more than about 2 percent while in eastern and northern Finland it lies around 9-10 percent.

The Labor Ministry in Helsinki is now counting on a rise in unemployment to up around 130,000 in the next few months. Already today there are 10 people out of work for each vacant job and almost 40 percent of the unemployed are young people.

Deficit

It is mainly through increased job training that they intend to try to combat this development. Due to inflation and the relatively large deficit in the budget there is little chance that jobs will be supported through increasing stimulation via financial policy, according to the Finance Ministry.

At the Finnish Employers' Association they say that private investments fell off sharply since the summer and 1982 will probably lead to the loss of about 15,000 jobs in industry.

About devaluation of the Swedish kronan they said that it was not an important reason for the downturn. It did affect some branches "but it was not a knock-out blow."

It is mainly parts of the wood industry along with the textile industry that are doing poorly today. The engineering industry also reports having felt the effect of stinging blasts. On the other hand the shipyard industry has reported a good order situation.

Wave of Warnings

People in the Finnish LO [Federation of Trade Unions] are seriously concerned about the wave of warnings released by the market downturn. The employers are overreacting, they say. The competitive situation of firms is not as bad as some directors claim.

"Now the employers must accept their responsibility," they say, "and not get rid of people due to short-term calculations of profitability. Our unemployment is already too high."

At the same time LO wants an expansion of retraining activities in firms hit by the crisis and more attention given to the point that state support for industry can also create new jobs.

Even though the economic winds are now getting harsher in Finland too most observers seem to think that the labor market will remain steady in the time ahead.

For one thing a presidential election is coming up with a subsequent transition period and for another no contract negotiations are likely at the end of this year--Finland is in the middle of a 2-year agreement right now.

And in a year when it is again time to discuss wages the hope is, as we said, that a recovery will be under way.

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CSO: 3109/44

PRECIOUS METALS BEING RECOVERED FROM JUNKED EQUIPMENT

Paris L'USINE NOUVELLE in French 12 Nov 81 pp 88-89

[Article by Jean Roume: "Salvage of Precious Metals. The Know-How of Midax."]

[Text] The growing use of precious metals in many areas of high technology has made salvage a growth industry. The job requires not only mastery of advanced techniques, however, but also an exacting sense of service, two traits of the young firm Midax.

"There is still much to be done in the area of industrial salvage of precious metals," summed up Marie-Jose and Michel Diamand. Five years ago they founded the specialized firm Midax, with a capital of 100,000 francs. Marie-Jose Diamand is the president-director general and her husband is manager.

Midax's capital has grown to 2.3 million francs through reinvestment of profits. Staff has grown from 3 or 4 individuals to almost 40, divided among the sales department, the scrapyard at Colombes and the laboratory. Sales volume in 1980 was 100 million francs, exclusive of taxes.

That year production of salvaged metal was approximately 500 kilos for palladium, almost the same for gold, 150 kilos for platinum, and 1,000 tons per month for zinc, silver, copper, germanium, selenium, etc. The clientele (scrap suppliers and purchasers of refined metals) is divided about equally between France and foreign countries, with a majority in English-speaking countries.

"Our firm has not yet reached its optimum size," said Michel Diamand, "even in our particular area which is that of an intermediary between the large and the small in the business."

Industrial salvage of precious metals appears to be a growth industry, since it is at the hub of several current phenomena: a new interest in such metal, now classified "strategic" because of its use in many areas of high technology; rapid development of the industries that use it (data processing, but also energy, transportation, etc.); and a larger and larger volume of scrap and industrial waste containing traces of precious metals. Finally, industrial firms have become more attuned to the advantages of a better and more complete assessment of their metallic scrap.

Industrial salvage of precious metals in 1981, however, does not in the least resemble the picturesque gold rushes of the last century. "It is a business which requires not only a mastery of advanced techniques, often perfected through personal know-how, but also an exacting sense of customer service," emphasized Marie-Jose Diamand.

Solutions Inspired by American Refiners

Midax receives between 400 and 500 tons of miscellaneous industrial scrap per month, especially obsolete telephone and electromechanical materiel, as well as discarded computers, factory and mine waste, and miscellaneous lots. All of this has the common characteristic of containing from one to several tenths of a gram of precious metals per ton. It has to be "demolished, burned, crushed, enriched, and concentrated," Michel Diamand summed up. "Starting with infinitesimal and complex metal contents, we can produce, for example, a simple concentrate of 100 grams of gold per ton which specialized refiners can treat and transform into ingots."

But the customer service aspect is at least as important. Precious metals, and others, contained in a batch of scrap can be bought for cash or reprocessed for the client, or replaced by new precious metals produced by the firm or bought by it on the international market. "Our scrap suppliers are often at the same time users of new precious metals which we provide," noted Michel Diamand. This was how Midax began specialized departments for dental gold and jewelry alloys.

These complex relations between the salvager-reprocessor and the supplier-client present a number of problems which Marie-Jose and Michel Diamand are trying to solve innovatively, following the example of American refiners of precious metals. "Transactions must be absolutely clear if we are to give the client the best financial service," explained Michel Diamand. "Although Midax is a trading firm--that is, in general owners of raw materials which it buys, transforms, or sells--we more or less eliminate all risk of a speculative nature and earn our profit solely on our industrial operations and customer services."

The firm has a permanent agreement with the Bank of France and with customs which allows it to deal on foreign futures markets in commodities and currency. "I am in constant communication with our brokers in London and Chicago," explained Michel Diamand. Either we protect ourselves or we protect our clients. Each transaction in scrap or precious metals is therefore guaranteed until it is concluded, and thus reduces the consequences of any upward or downward variation in the market to a minimum. On a practical level, this lets me, for example, pay cash for the kilos of gold and palladium in telephone materiel, although it will take a few weeks before we are physically able to use these reprocessed metals."

A Great Deal of Informational Work

Techniques for extracting and reprocessing precious metals are undergoing constant change. "We must always make ourselves move more quickly," said Michel Diamand.

A furnace which will soon be installed at the Colombes scrapyard will save time and will complete the salvage equipment.

But the area of service, he believes, "is where there is the most to be done." One example would be destroying, under supervision, the outmoded components of data processing research like in Silicon Valley; another would be a more complete coverage of the risks of fluctuations in exchange rates, especially since the restrictions imposed this summer. "French industrialists are not yet all up to date on the advantages that a quick and optimal recycling of their scrap can bring them. Keeping too much too long turns into speculation and, most often, results in losing money one way or another. There is still a great deal of information to be disseminated in this area."

9720

CSO: 3100/121

COST OF STEPS TO REDUCE UNEMPLOYMENT VIEWED

Paris L'USINE NOUVELLE in French 5 Nov 81 p 78

[Article by Jean-Paul Le Guern: "Ministry of Labor--An Employment Budget"]

[Text] An additional 143 percent to finance unemployment compensation, a doubling of the financing for partial unemployment compensation, and increased support for ANPE [National Employment Agency] and AFPA [Association for Adult Professional Training].... The employment bill is now over 35 billion francs.

Create public sector jobs in order to better combat unemployment--without any cynicism this phrase could be used to describe the 1982 budget of the Ministry of Labor. The former administration added several hundred persons to the ANPE staff, but the present government has really shifted into high gear.

One thousand additional posts will be a record for ANPE. At AFPA the creation of 250 new posts will round out the 300 called for in the budgetary measures of last July.

One innovation is the impending recruitment of business economists who will work with regional labor directors. Their job will be to help the latter understand the facts behind the layoffs requested by firms that are having problems.

The number one priority in expenditures is also for increasing employment. Financing unemployment compensation, including state contribution to UNEDIC [National Union for Employment in Industry and Commerce] improving compensation in overseas departments and territories, renewal of the metallurgy social welfare agreement, and aid for the long-term unemployed who have exhausted their payments, will go from 11.8 to 28.6 billion francs, an increase of 143 percent.

Another defensive measure is financing partial-unemployment compensation which has more than doubled, going from 286 to 601 million francs. One hundred two million francs have been destined to prevent layoffs and facilitate redeployment of workers. Finally, 10 million francs will be reserved for economic and social audits of firms in trouble.

Offensive expenditures are not lagging behind. ANPE's subsidy has gone from 10.4 to 1.4 billion francs (+39 percent), and APFA's from 1.5 to 2 billion (+27 percent). Three hundred ninety million francs have been set aside for jobs that will be created by local governments and associations. One billion six hundred thousand has been reserved for hiring the handicapped, and 12.5 million will be used to finance firms' experiments in innovating and creating jobs.

The overall "employment" bill is over 35 billion, and this does not include the "youth with a future" plan and solidarity contracts whose funding is being provided by other ministries.

Another priority of the Ministry of Labor is the strengthening of cooperation, negotiation and workers rights. For this, union subsidies have gone from 22.3 to 34.4 million francs (+54 percent). Money for creating conciliation boards has more than tripled: from 6 to 20 million francs, of which 3.5 million will be used to establish a supreme conciliation council.

In addition, 15 safety engineers will be placed at the disposal of regional labor directors. Subsidies for encouraging workplace improvements will increase from 25 million to 34 million francs.

In sum, the budget is 40.2 billion, a 110 percent increase over the previous one, and it plays a not insignificant role in the overall budget deficit (95 billion francs). Its supporters say that it is all for a good cause. No doubt. Hopefully this increase in funds will be accompanied by increased effectiveness, which can only logically be expected.

9720

CSO: 3100/121

BANKS' FORECAST: INCREASED EXPORTS ECONOMY'S ONLY BRIGHT SPOT

Stockholm DAGENS NYHETER in Swedish 3 Nov 81 p 8

[Article by Bjorn Anders Olson]

[Text] Swedish exports will increase by 6-7 percent next year, and Swedish export enterprises will regain lost market shares. At the same time, the rate of imports will remain unchanged, as a consequence of which the large deficit in the terms of trade will drop. However, the increase in exports is the only bright spot in the weak Swedish economy.

The two largest banks in the country--the Commercial Bank and the S-E Bank [Skandinaviska Enskilda Banken]--agree on this in their market reports.

Concurrently with the expected upswing in business activity next year, the world trade will increase, perhaps at a total rate of 3-4 percent. Swedish enterprises will increase their exports at an even higher rate, by 7 percent according to the Commercial Bank, by 6 percent according to the S-E Bank.

It is, first and foremost, the devaluation--the depreciation in the value of the Swedish krona--which improves the competitiveness of the Swedish enterprises.

Even if the export will be a good pace-setter, it is almost the only expansive element of the Swedish economy in 1982.

The Commercial Bank states that investments as well as the consumption in the public and private sectors will drop next year. As a result, a largely unchanged import volume is expected next year compared with this year.

Better Balance

Together with the increase in exports, the bank, therefore, expects the deficit in the terms of trade to drop 'appreciably' next year, from a deficit of 16-17 billion kronor to a deficit of perhaps 10 billion kronor next year.

Here, the prognoses of the Commercial Bank differ from those of the S-E Bank as well as from those of the government.

The government expects no change in the large deficit in the terms of trade--'increased imports'--whereas the S-E Bank expects the deficit to drop by a couple of billion kronor--'high interest costs, among other things'.

Otherwise, the evaluations are largely concordant.

The increase in exports will cause an improvement for Swedish industry in the second half of 1982.

But, beforehand, we may expect a further downswing and an increased rate of unemployment. Already today, there are 7 unemployed for each available job.

The Commercial Bank states that those who are in danger of becoming unemployed should instead be trained as skilled workers within the industries. The lack of skilled labor is always a hampering factor in a period of economic upswing.

In contrast to previous devaluations--the devaluation in the fall was the fourth devaluation in 5 years--the banks predict that industry, this time, will take back lost market shares abroad.

This will happen despite the fact that the competitiveness of Swedish industries, according to the Commercial Bank, now as at earlier devaluations, is clearly unsatisfactory.

The S-E Bank points out that, compared with other industrial nations, Swedish industry has today approximately the same relative cost level as in the early seventies.

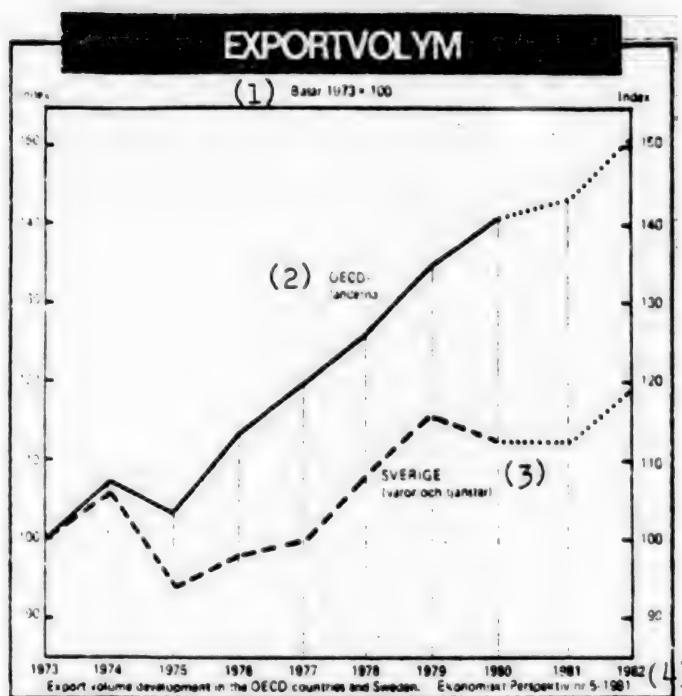
In the meantime, the Swedish competitive power has been greatly weakened, which has had the effect that, while the total industrial production within the OECD area has increased by 15 percent since 1974, the output in Sweden has dropped during the same period.

The bank assumes, however, that Swedish industry today has a better earning power than at the last devaluation in 1977.

At the time, the Swedish industries pocketed the devaluation gains in the form of higher prices. That will not happen this time, it is believed. Instead, it might even be possible to lower the prices in foreign exchange, and the demand for Swedish products would thus increase. For that reason, the devaluation will provide a badly needed lift to Swedish industry.

But according to the banks, that will not suffice.

The devaluation must be coupled with a number of other measures with a view to lowering the consumption and transferring resources to industry.



Export Volume

Key:

1. Base year
2. OECD countries
3. Sweden (goods and services)
4. EKONOMISK PERSPEKTIV No. 5 1981

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CSO: 3109/46

LARGE WORLD RELIGION PEACE CONFERENCE TO BE HELD IN 1982

Stockholm SVENSKA DAGBLADET in Swedish 21 Nov 81 p 12

[Article by Hans Green]

[Text] A large international church meeting for peace will be held in Stockholm in September or October of next year, with the Nordic churches as arrangers. But there will be competition for the Swedish peace meeting from a similar conference in Moscow being arranged by Patriarch Pimen of the Russian Orthodox Church.

Patriarch Pimen and Pope John Paul in Rome had been considered as cosponsors of the Stockholm conference. However the Vatican has announced that the pope as a matter of principle did not wish to act as a cosponsor.

The initiative for the church peace conference spanning the globe was taken from the beginning by Archbishop Olof Sundby who hoped that the Christian churches of the entire world would send representatives to such a conference. The World Council of Churches also expressed willingness to support the peace meeting but could not act as a sponsor.

On Tuesday the Finnish Archbishop Mikko Juva, the bishop of Copenhagen, Ole Berthelsen and the bishop of Oslo, Andreas Aarflot met with Olof Sundby in Uppsala. The latter two are the most prominent spokesmen of the Danish and Norwegian churches.

Rome Positive

"The Roman Catholic Church has said it would gladly send representatives to the Stockholm meeting," Archbishop Olof Sundby told DAGENS NYHETER. "It is my understanding that the Vatican is entirely positive about the Stockholm peace meeting but it has said it could not serve as a sponsor."

The Russian peace conference is of a different type, according to Olof Sundby. It will include all religions, including Moslems, Hindus and Buddhists in addition to Christian churches.

"On Tuesday in Uppsala we discussed the preparations made so far for the Stockholm conference and now hope that we can issue invitations to all the Christian

churches of the world to come to Stockholm next fall," said Olof Sundby. The other Nordic archbishops will now make contacts in their homelands to arrange continued preliminaries. It is also intended to have a number of free church leaders in the Nordic countries cosponsor the meeting.

The church peace meeting will be held in Stockholm primarily as a result of the big ecumenical world meeting in Stockholm in 1925, initiated and sponsored by then Archbishop Nathan Soderblom. Five years later he received the Nobel Peace Prize.

6578

CSO: 3109/51

BRANDT ON TENDENCY TOWARD 'EUROPEANIZATION'

Hamburg DIE ZEIT in German 20 Nov 81 p 12

[Article by Gunter Hofmann: "A European Panorama--Willy Brandt in Budapest"]

[Text] Budapest, November - The scene: an immaculate, stylish atmosphere in a guest residence dating back to glorious times on Budapest's Verhalom Square. Willy Brandt faces about one dozen prominent Hungarian scientists and politicians across a round table. They ask careful, exploratory questions. Brandt replies ponderously, without flourishes. The time: a few days before Leonid Brezhnev's visit in Bonn. The subject matter under discussion in the guest residence: the future of Europe.

From a number of different starts, the talk always ends up centering on the same thing: what is Europe's future role; what status could it occupy? Could there be, for instance, a nuclear-free zone and if so, for some states or for all of them? He would not want to "discourage anyone," says Brandt softly, "from pursuing his own thoughts," but it would not be easy to separate some parts of Europe from the rest. If one were to start with a nuclear free zone in Northern Europe, what about the Baltic? And if the Baltic were to be included, what about its bordering states to the south? Schleswig-Holstein or Mecklenburg, Leningrad, "not to mention Riga" --they all would have to be included.

Or might all of Europe become free of nuclear arms? Brandt interjects that he has on occasion been identified with the "zero option." Does that mean, someone in Moscow asked him, a Europe totally free of nuclear weapons? It does not; but at the time Brandt replied that he "would not object to it," either.

Europe without nuclear arms? That would only be thinkable if it were in the interest of both superpowers. Or if, as some experts maintain, "intelligent non-nuclear weapons" could replace atomic arms. Willy Brandt therefore vacillates between "no" and "yes"; maybe so, but if so, later.

Another theme: today's European security. "You can always dream," says a member of the Hungarian Central Committee, "but it would not be practical." Both sides quickly agree that today's issue is only global parity. They are of course representing their official positions; but the differences do not appear unbridgeable. Perhaps, says Brandt hopefully, new SALT talks will start in the spring. And he does not neglect to mention what would have to happen on the Soviet side if the NATO twin resolution would not "need to be implemented." The time is getting short;

it would have to be evident by the fall of 1983 whether the negotiations on land-based medium range missiles, to which Washington wants to restrict itself, have resulted in anything that would "make a postponement possible."

Then a third approach to the subject: one reads with increasing frequency that Europe is faced with extreme alternatives, "Finlandization or Americanization." Which of these alternatives will come about?

Thereupon Willy Brandt unfolds a multifaceted European panorama, which he knows how and loves to do. "Thatcherism" in Great Britain, as he calls the experiment, is in his opinion doomed to failure. "Mitterandism" in France, which he hopes will be strong enough to bring about change, has not yet prevailed; unemployment and inflation are on the increase, the flight of capital continues--"it reminds me terribly of the year 1936," says Brandt, of the reaction by French industry to Leon Blum's Popular Front regime. What remains in this panorama are the "fanatical Germans," who have "converted their fanaticism into a policy of muddling through."

Americanization? The FRG's economic politics are oriented toward swimming free of Big Brother (incidentally: Hungary is trying to do the same thing). And what about foreign policy? Hosts and guest seem in agreement that "in their own interest, they had best remain loyal to their partners, as long as the world needs treaty systems." Succeeding generations would perhaps no longer require them.

Finally, a fourth approach: Willy Brandt speaks of an increasing tendency towards "Europeanizing" Europe, using Peter Bender's expression. None of the Hungarian participants talks about this concept. Brandt talks more freely. Didn't the Europeans try to avoid being drawn into the Afghanistan mess? The governments of both Germanys saw it the same way and thereby discovered a new feeling of commonality. It has been somewhat pushed into the background by the situation in Poland--"but it exists." Europe, which the last war had flattened into a mere map, is beginning to look three-dimensional once again.

To recapitulate: not Americanization, not Finlandization, but Europeanization. But this, Brandt adds, has a chance of succeeding only if this goal, a European identity, does not "appear threatening to anyone."

Brandt did not restrict his plea for extending detente beyond the borders of Europe, especially of including North-South problems into the politics of the two superpowers, to deal with global problems in a global manner ("this was the sentence that impressed me the most," admitted one of the Hungarians), to this gathering. He presented similar arguments in Budapest to an international congress on North-South problems. A congress incidentally which was European dominated, with attendance by scientists from Warsaw, Belgrade, Prague and Budapest, aside from those coming from Rome, Paris, Amsterdam and Mexico City. That in itself was a first, a careful opening, carefully indicated as a willingness to talk in Eastern Europe.

The end result: surely not everyone is being listened to like Brandt; many find it easy to engage in a dialogue with him. Still: at the round table in the guest residence on Verhalom Square in Budapest there appears to be greater insight into the significance of the term "Europeanizing Europe."

GOVERNMENT FACES UNIONS' DISPLEASURE OVER UNEMPLOYMENT

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 12 Nov 81 p 1

[Article by Fritz Ullrich Fack: "The Winter Of Fate"]

[Text] It is not just an accident that Helmut Kohl has been talking in ever more confident tones of an impending change of government in Bonn. Whether he will be proved right remains to be seen. But at least this much can be said: the government now in power can look forward in the next few months to the toughest endurance test of its history.

The crisis will not be the result, as many observers thought this summer, of the rearmament question. Despite the belligerent noises being heard on this issue from some quarters of the SPD--this weekend the Saarland SPD let itself be heard from in this regard--, the chancellor with some skill should be able to next spring's party convention to evade a confrontation on this issue. The great showdown on the issue of nuclear armament, which Eppler and his associates had predicted, will probably not come to pass; it has already been pretty well deferred until 1983.

The danger comes from another quarter. This weekend the trade unions gave voice to their discontent in other than muttered tones, this time openly, loudly and in surprising strength--70,000 demonstrators in Stuttgart alone--against the government's policies. For Schmidt this is an ominous danger signal, since the trade unions themselves and their spokesmen in the SPD are his actual political constituency, whose favor he has courted for years with particular zeal and with substantial success. Apart from the communist influenced organizations, the trade unions have supported him on foreign policy, national security and energy policy--including the expansion of nuclear energy. But now opinions are splitting on the issues of economic and fiscal policy.

The alienation began last September when Schmidt, under pressure from his coalition partner, dismissed almost without comment the German Labor Federation's two most important demands--creation of an employment program and the financing of additional expenditure by a supplementary surcharge upon the personal income tax. That there remained in the end hardly even the hint of an employment policy component in the retrenchment program was, for Labor Federation chairman Vetter, a severe loss of prestige for himself and a signal to his organization to open fire on the balky FDP and in particular Count Lambsdorff. The latter's idea of an economic policy "course change" with the help of cutbacks in the widespread social security net (Genscher:

"social hammock") was seen by unions and even middle-of-the-road SPD members as a declaration of social policy warfare.

The Free Democrats for their part have for some time been pursuing their strategic goal of expanding their constituency toward the middle. In line with this they have paid little heed to the engaged ecologists, the Green movement and the anti-nuclear movement, demanding firm support for Genscher's foreign and security policies and pushing for support among liberal and left-liberal members of the middle class, especially among the self-employed, with a strictly market-oriented fiscal and economic course. It is there that Lambsdorff's concepts of the necessary "change of course", of productivity orientation and the liberation of private initiative, the dismantling of the welfare state and the army of bureaucrats finds its strongest resonance.

It is in the light of this background, according to leading Free Democrats, that the "stringent commitment" must be seen, not to entertain the idea either of an employment program or the fiscal possibilities that have been presented so far, in other words neither tax increases nor a departure from the "politically fixed" new indebtedness limit of DM 26.5 billion for the next fiscal year. No one has yet come up with any other possibility for financing.

For the Free Democrats these are, or so they claim, "bottom lines". And in fact they can hardly be reduced without a substantial loss of sympathy among the newly courted potential voters. This is the nub of the present dilemma in the coalition: the leadership of both parties have only very narrow room available for such maneuver as would enable understanding in economic and fiscal policy. The welfare and redistribution state flourished as long as there was money in the till; leading Free Democrats freely admit to this. But now, when the money is lacking, the conflicting interests are colliding with a vengeance.

If Count Lambsdorff admits to a certain resignation these days, then that is no doubt a factor of the manifest hopelessness of the situation. The mutual blockade leads to a situation where nothing will work any longer, neither stimulation with the help of the state nor an adequate encouragement for private initiative; the long drift into the valley is accelerating.

How long Schmidt can withstand the growing pressure of the trade unions in the face of growing unemployment for the sake of maintaining the coalition and can defer an employment program is an open question. When the dam breaks, it is not likely that Lambsdorff can be counted on any longer. And then the odds on a continuation of the coalition will grow extremely thin.

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CSO: 3103/105

KOIVISTO'S 'NON-POLITICAL PROFILE' DOMINATES IN CAMPAIGN

Stockholm SVENSKA DAGBLADET in Swedish 7 Nov 81 p 4

[Article by Jan-Anders Ekstrom]

[Text] Helsinki--An epoch in Finnish politics has ended with the announcement last week that President Urho Kekkonen will resign. The time up to 17-18 January when the electoral election will be held will be characterized by febrile political activity. This weekend the Liberals and the People's Democrats/Communists will be choosing their presidential candidates. Then the other parties will follow suit. The Social Democrats will be naming Mauno Koivisto as their candidate on 18-19 November.

According to opinion polls Koivisto has the support of 60 percent of the voters and in a direct election he would be fairly sure to succeed Kekkonen. But when the electors meet on 26 January the presidential game could be won by some compromise candidate.

"People don't regard me and I don't regard myself as a political person in the true sense."

These were the words of the deputy president, Prime Minister Mauno Koivisto, who in a few weeks will be named Social Democratic presidential candidate. The statement comes from a book that has just been published which consists mainly of interviews with well-known citizens.

There are many who feel that it is precisely this "non-political profile" that is the main reason for the 57-year-old prime minister's great popularity. There must be something special about a man whom 50-60 percent of the Finns, judging by the latest opinion polls, would like to see as the next president of the republic.

This is what one of Koivisto's prospective opponents in the upcoming presidential election, editor-in-chief Jan-Magnus Jansson, said in a newspaper interview:

"The secret of Koivisto's popularity lies in his personality, in the fact that he is a skillful politician who at the same time gives the impression that he is not

a politician. At present there is a very strong mood against politics. The people want a change. Many people see in Koivisto a different kind of person from President Urho Kekkonen who has been both esteemed and admired but who also possesses a statesmanlike genius that may seem alien to many people. Koivisto is more apt to give the impression of being an ordinary person."

Koivisto himself in the book referred to above said that "it is understandable of course that I prefer to interpret the support as a recognition of what I have done and not as something resulting from other secondary factors.

"But it is clear that those who in general hold opinions that differ from mine stress that my support has nothing to do with what I have brought about."

But he did concede that it is a "somewhat delicate matter" when one has support outside one's own party and even outside the government coalition parties.

Among the recently published books and pamphlets more or less directly tied to the presidential election there is a little book that draws portraits--in most cases rather spiteful ones--of the presumptive presidential candidates and others active in the presidential drama. Koivisto who unlike most of the others is given friendly treatment is portrayed here under the title, "The Lonely Sheriff."

According to this sketch Koivisto is "by nature very obstinate, independent and a loner." He has long since "raised himself above the Social Democratic Party as well as the other parties," although on the other hand he "holds his own party in high esteem."

He is an impassioned thinker--who at meetings and deliberative sessions holds long, complex philosophical monologues, he does not make decisions quickly and he is not a heavy-handed leader. He does not like to spend his evenings at meetings, he doesn't like to listen to long speeches himself and he has a hard time making decisions, especially in large groups of people. He arrives at decisions when he is alone in his workroom, during a walk or in the country while he cuts wood for the sauna.

He masters economic policy, he can guide domestic policy but foreign policy is his problem. Not because he doesn't know enough about international policy or about handling foreign policy. It is because he "has not been able to present proof of foreign policy reliability." He has a hard time with the "foreign policy liturgy," which is important in this context. But he speaks Russian well as a result of 20 years of laborious study.

'Confident and Honorable'

According to the book Koivisto has deliberately aimed at becoming president. What makes him president is not great deeds of statesmanship but "a confident, honorable attractive person who has been shown to the people on TV for almost 20 years now." He has become known for his honesty because he "doesn't make any pretences and he makes no promises." He has the nerve to appear before an

audience of LO [Federation of Trade Unions] members with the news that there is no chance for wage hikes at present (and gets applause for doing so afterwards).

It is part of the picture that during the more than 2 years he has been prime minister in the current four-party government he has become increasingly secure. It was a high point for him personally when he refused to resign last spring even though President Kekkonen virtually ordered him directly to do so.

All in all the picture is recognizable to political observers. There are probably many other aspects to the Koivisto phenomenon.

He himself does not seem to agree with all these assessments. In the book referred to at the beginning of this article Koivisto commented among other things on his alleged indecisiveness and his penchant for philosophical deliberations.

He thought the charge of indecisiveness was "strange" considering that in his first period as prime minister in the late 1960's he was often accused of the opposite, of being self-willed and not discussing things enough with others.

"I don't think I have much trouble making decisions but of course it is harder to make a difficult decision than it is to make an easy one."

He added that "it is safest if the toughest decisions are made by those who don't benefit from them."

Open Mind

"My personal attitude is that I try as far as possible to keep an open mind to everything and I try to keep the situation open to democratically-elected bodies."

Of the philosophical bent he said:

"When I present my case in a multifaceted way the idea is that those listening to me should also be forced to think a little--that is an ancient doctrine. If one wants to influence people one should offer them only the components and let them draw their own conclusions. Then the ideas are their own. If I try to push my own ideas in final form on them it can be hard to get them across. Thus I make use of the opportunities offered by the Finnish language to express my ideas in a multifaceted way."

A little further on the old volleyball player summed up his personal philosophy in these words:

"One should never reveal all one's thoughts. Sometimes one should release trial balloons and perform feints against the domestic as well as the foreign net and then wait and see what happens. Especially in the political struggle which can at times be very ruthless one should always have something in reserve."

6578

CSO: 3109/44

LEADERS EXPRESS VIEWS ON BASQUE COMMUNIST MERGER

Santiago Carrillo's Views

Madrid MUNDO OBRERO in Spanish 6-21 Nov 81 pp 36-38

[Article: "Dossier on the Convergence Process in Euskadi"]

[Text] Santiago Carrillo

In the report submitted by Comrade Jaime, from the party's Secretariat, there is a clear, categorical determination of the positive nature of a convergence process and, in the long run, one of merger between the Basque Communist Party and Euskadiko Ezkerra [Basque Left]. There is such a clearcut, concrete analysis of all the positive aspects of the evolution in Euskadiko Ezkerra that, although this is an essential matter, to borrow Jaime's comment, I shall not dwell on it. What I do say is that when we make this assertion, we do so with complete sincerity, and not with a maneuvering intent. For that has been our position for many years, a position in favor of this process of convergence and of creating a Marxist Party in Euskadi.

The issue of Eurocommunism has come up in this regard, and has appeared in all our debates. And, apropos of the views that have been expressed, questioning whether the Communist Party is now the instrument for the transformation or not, I would like to say that one of the features of the Eurocommunist strategy is its view that the Communist Party is not the only instrument for the socialist transformation; that, together with the Communist Party, other parties and other forces must also be instruments for socialist transformation in that Eurocommunist strategy. Therefore, I have no use for the argument that the Communist Party is not the instrument, because I am convinced in advance that the Communist Party alone is not the instrument; but that it is a fundamental instrument, an essential instrument, as a Communist Party, I have not the slightest doubt. And although the Socialists may have won the elections in France and in Greece, on which we all congratulate ourselves, and although they may win them in the future in Spain, the Communist Party will continue to be an extremely important and fundamental instrument for the socialist transformation of the society.

Why? I could dwell at great length on the explanation of the reason. However, in a very sketchy way I would like to say that, owing to its ideological base and its composition, because of the fact that it is fundamentally a party of the working class, the Communist Party, a party with the features of the Communist Party, even

though it may have a different name (in Catalonia it is called a Unified Socialist Party, but it is the Communist Party), it is an essential element in a revolutionary process of transformation.

Those of us who are along in years have seen the Socialists win elections often, and we have also seen the Communist Parties considered dead often; and perhaps because of this we are no longer so impressed by certain phenomena that occur, phenomena which obviously create doubts and vacillation among the party's members. The party's history is replete with processes of that kind; and nevertheless, I repeat, we have not refused, we are not refusing and I believe that the Communist Party cannot refuse to play its role as such a Communist Party, with that name, or as a revolutionary Marxist party, or a unified socialist one, but with a Eurocommunist strategy, and as a party of the working class.

And we are advocates of a new political formation, which we have defined and have expressed; but a new political formation, taking into account the historical experience of the unifying processes, not only in our country but outside of it as well; taking into account the different roots of the forces which might participate in the unifying processes. And for this reason, we have defined the new political formation (and in this connection, Jordi Solé Tura made an interesting suggestion), we have defined the new political formation as a confederation, as something like a confederation of socialist forces wherein each one keeps its own philosophy, keeps its own militancy, but one composing what in the political realm would correspond to the historic bloc of which we have so often spoken.

In this regard, there has been a desire to avoid the situation which the Basque comrades call the rough draft. It is not a rough draft; it is a basis of agreement which has been given to the party as a document to be discussed by the party as a whole, without the Central Committee's determining whether or not there must be a revision.

The famous rough draft is a marvel of abstraction and ideologism; it evades all the concrete problems which are part of the practice of a revolutionary political party. The rough draft is not a Eurocommunist rough draft; no, it is not.

And here in Jaime's report, and in the very lively debate that we have had, which I consider quite normal, it has been clearly demonstrated that this rough draft is not the rough draft of a Eurocommunist party. And the comments by Comrade Pilar Brabo, claiming that a party which is dissociated from the real socialism and from social democracy, simultaneously, is a Eurocommunist party, have no grounds. That party could be the PSOE [Spanish Socialist Workers Party].

The other day, Comrade Pilar Brabo, far less critical toward the PSOE than the PSOE's critics, said that the PSOE is a socialist and not a social democratic party; and she said that at a time when the PSOE was holding its congress, excluding its left, and when the PSOE was appearing as the party of moderation, a foe of the nationalizations that have been attempting to modernize the country by 25 years.

I am not saying that Pilar should have attacked the PSOE, but I think that such a party, which is neither on the side of the "real socialism" nor on that of social democracy, could also be the PSOE, or could be any populist party, or any nationalist party.

The fact that one is not a full-scale advocate of the "real socialism" nor an advocate of social democracy does not mean that one is a Eurocommunist.

But from the remarks made here by some Basque comrades, and from the support which they received from another Central Committee member, the logical conclusion that would have to be drawn is that, if the Communist Parties, and concretely those in Euskadi and Spain, are no longer a suitable instrument, for the very reason that the Basque comrades are going to join the process of a merger of Euskadiko Ezquerria, what remains for us to do is to close the door and attempt, however and at whatever price, to join the Socialist Party, which is relatively far stronger than Euskadiko Ezkerria.

Everything Except Liquidate the Communist Party

With those views of the Communist Party as a valid or invalid instrument at a time when we are in the midst of a campaign attempting to bolster bipartisanship, and approaching general elections in which they will try to reduce us, the posing of these questions by our ranks and by the Communist Party leadership is an objective contribution to the policy of polishing off the Communist Party. And that is the actual situation.

I made the comment in the Executive Committee, and someone recalled it here: We are willing to do everything for unity, everything except liquidate the Communist Party, everything except that.

And the problem is that there are areas of this country in which the Communist Party has never managed to become firmly entrenched in the past, in which we have very weak roots and in which we shall need a period of time, I don't know how long, to take root and become strong.

Whereas in others, especially those in which the Republic dominated during the Civil War, we do have roots, we do have forces, and we do have a very sizable base at the outset.

Comrades, we must have revolutionary patience and tenacity, and when a leader of the Basque Communist Party, as Sigis has done here, brings up the matter of our telling him where the Basque Communist Party is going to obtain more strength than it has today, my answer is that Sigis does not deserve to be a leader of the Basque Communist Party if he is incapable of seeking the response and the strength himself, which is the role of the leadership of the Basque Communist Party.

I believe that the trade union option, and I am now embarking on the program document, in a Eurocommunist policy is no small matter. And it is no coincidence that we have a trade union option, the Workers Commissions, which has not come into existence to be a transmission line of the Communist Party, but rather of the very needs of the working class struggle; moreover, it has acquired a deepseated entrenchment.

And I cannot imagine a Communist Party (it has been noted here, and I repeat it, Nico mentioned it) that does not have its transmission line already, but does have its influence among the working class in a trade union organization of the Workers Commissions type; a trade union organization which has a concept of the struggle,

which has developed in both the economic and social, as well as the political areas, and which has an entire tradition of taking root, not only with the organization, but also with the spontaneity of the workers movement in our country for many years.

And the comrades from the Basque Communist Party leadership have submitted various accounts here. Roberto Lertxundi has said, has hinted that the new party will end up backing Workers Commissions, but Chemi Cantera, who is on the committee that is preparing the trade union planks, has stated, speaking on behalf of Euskadiko Ezkerra, that Euskadiko Ezkerra would not back the Workers Commissions. He stated that clearly.

This goes to show that the EIA [Basque Revolutionary Party] planks have not been overcome so much as it would appear.

To us, in a Eurocommunist program the option for Workers Commissions is a fundamental issue.

There is the subject of terrorism. I was shocked to observe the indignation of some comrades today, because they seemed to infer that we were blaming them for weakness toward terrorism. No, it is not that. We all know that the Basque Communists have coped bravely with the terrorism, and in Madrid as well. To the comrade who was asking where there had been demonstrations against terrorism, I would reply that there have been street demonstrations against terrorism in Madrid and other parts of Spain, too, not just in Euskadi. But we have always recognized and proclaimed the merits of the Basque comrades in that struggle.

However, comrades, it is not that, but something else. The attempt on the part of the right in this country, and the extreme right, to associate terrorism and the Communist Party is obvious to everyone; that is obvious.

There is an obvious attempt that could be under way to associate the Communist Party and terrorism. And that is why, when we make the convergence and propose to make the organic merger with a party which has for several months been supporting the terrorism of ETA P-M [Basque Fatherland and Liberty Group (Political and Military)] a group that has proclaimed a truce, a truce, it seems essential to us that this new unified party have a clearcut political and ideological position toward terrorism. Because we are concerned over the future of Euskadi, but we are also concerned over the future of the Spanish Communist Party as a whole, and want to preclude the possibility of associating the Spanish Communist Party with the propaganda and activity of our right and extreme right wing adversaries relating to terrorism.

Hence, that is a major issue. It is not a reproach of the Basque Communists, because they have not struggled; it is a major issue.

In the area of international policy, what shocks me is that every time there is talk about Eurocommunism, and mention is made of international issues and international relations, the comrades here agree that there will be no discussion of international policy, which is actually something definitive concerning the positions of Eurocommunism.

And we must recall, comrades, that one of the visible heads of Euskadiko Ezkerra made a statement after 23 February in which he said that it was willing to enter

NATO. We must recall that, because it was written in INTERVIU. This goes to show that the steadfastness of the positions on principles was not very great; at least that.

And there is the topic of relations with the party.

Comrades, we must be very clear in this respect. And I would like to tell Manolo Azcarate this this is not a matter of a "transformation" in the relations with the Spanish Communist Party; there is no "transformation", there is a break, pure and simple, here. That is obvious. In a transformation, we would all be in agreement. Here, there is a break.

But it must be said that this break has not been made by Euskadiko Ezkerra, nor EIA. This break has been made by the Executive Committee and the Central Committee of the Basque Communist Party; they have made it. And they have made it starting by denying us leaders of the Spanish Communist Party any right to intervene in the process of unity in Euskadi.

That is contained in the resolution of 12 September; it has been on the radio, and I have heard it personally: the denial of any right of the Spanish Communist Party to intervene in that process.

And in the contacts that we have had here (mention was made of a contact in July), I want to say that we have not been informed of anything relating to a process of contacts, or discussion with Euskadi Ezkerra; we have not been informed of anything, but have been totally disinformed, and not only disinformed, but excluded.

And I think that the exclusion of the Spanish Communist Party is the biggest mistake made by the EPK [Basque Communist Party] leadership: first the real exclusion, and then the overt, public exclusion. It has been the biggest and most serious mistake.

And that we have been very discreet, too discreet; and that was the meaning of the permissiveness mentioned by Ballesteros, failing to take the initiative to intervene. We could have held a discussion with Euskadiko Ezkerra; we did this so as not to undermine your authority and your prestige. We did not do it so that you could autonomously discuss and resolve, and so that no one could claim that you were acting under conditions imposed, remote-controlled by us. But we were mistaken in this regard. I criticize myself.

We should not have done that. We should have intervened, and perhaps we could have rectified that process and prevented what might have been an abortion, instead of unity, now. And we did this out of too much respect for the autonomy of the Basque Communist Party and its leadership.

The other mistake made by the leadership of the Basque Communist Party before this was to exclude from the EPK leadership and the unifying process a very important sector of the Basque Communist Party which had arrived at a formula for agreements on Plank 7, a sector which is Eurocommunist but which had a different concept of what the unity process should be.

And obviously, comrades, that concept of what the unity process should be is no small thing. It is a fundamental thing, because on it depends whether or not there will be actual unity in the end.

And there has been comment here on the example of Mexico, but in Mexico the merger was achieved after 5 years of unity of action by the parties which attained it.

And in 1936 unity was achieved in the PSUC [Unified Socialist Party of Catalonia] and unity was achieved in the JSU [Unified Socialist Youth] after several years of unity of action, wherein there occurred the struggle against the fascist terrorism during 1933-34, the October revolution of 1934, the subsequent struggle against the government of the black 2-year period, the struggle to create the Popular Front and the victory of the Popular Front.

In other words, it was a period of unity of action which made it possible to achieve that unity of the youth and PSU in Catalonia during 1936.

And, in addition, there was an open ideological discussion, wherein the stenographic records of the discussions were published (I am referring now to the youth), which were known to everyone and discussed by everyone. And everyone knew in which areas we were in agreement, and in which areas we differed; for we still differed in many respects.

And there was open debate; and it was the unity of action that created the conditions for unity. Despite everything, it is an experience that must be taken into account in evaluating something said by Comrade Paco Frutos; despite everything, that unity was broken. And today, in Catalonia, we have the PSCU and the Socialist Party; and in Spain, we have the Communist Youth and the Socialist Youth.

And I say that this is an almost prophetic statement because, obviously, all the problems and contradictions that you set aside now to hasten the merger will be posed for you once you are joined. And, actually, that could blow up, that could explode in the worst manner.

And you tell us: "Have confidence in us." And Charli stressed that in a very natural way: "Have confidence in us; within that new formation, later on, we shall succeed in establishing organic ties with the Communist Party."

Comrades, how can you want us to have confidence in you when you are in that organization, if now when you are an organization of the Spanish Communist Party you have broken with us? How can you want us to have confidence? How can you want us to believe that? We cannot believe it.

And this matter of the relations between the united party in the Basque Country and the Spanish Communist Party is something that we cannot give up. And this has been brought up in Catalonia, for example, where there is an independent party; and the Catalanian comrades, at least a large portion of them, have understood it. The Communist Party cannot give up having its correspondence in Catalonia, and if it is not the PSUC, it will be something else. And I tell you, the Spanish Communist Party cannot give up having its correspondence in Euskadi. It cannot give this up, and it is not a matter of a bird in the hand being worth more than two in the bush.

It is a matter of our being a party with a total concept of the revolutionary transformation of this country, and needing an organization that will operate in the entire

country, which could be called the Basque Communist Party or be called something else, but which must have a correspondence with us. And we are not asking for the organic control of that potential party, no. What we are asking for is an association which we can study between that party and the Spanish Communist Party.

And that is the least we can ask if we sacrifice the organization of the Spanish Communist Party in Euskadi, which is the Basque Communist Party.

And I want to say that the Basque Communist Party does not have the sovereignty to decide on everything, as has been claimed here this afternoon. Your Statutes are here, not those of the PCE; yours, approved at the Fourth Congress.

And Article 4 states that, "The PCE-EPK, by reason of the national features of Euskadi, devises and implements its policy with complete autonomy;" which is something else; but it adds: "Linking it with that of the Spanish Communist Party, of which it is a part." The Basque Communist Party is not a sovereign, independent party; it is a Communist Party which is part of the Spanish Communist Party, and which devises its policy with complete autonomy, linked to that of the Spanish Communist Party.

And neither the Statutes of the Basque Communist Party nor those of the Spanish Communist Party state that the Central Committee of the Basque Communist Party can dissolve the Basque Communist Party. It cannot dissolve it; it has no power to dissolve it. In the philosophy of our Statutes, I think that this could be done by a Congress of the Basque Communist Party and a Central Committee of the Spanish Communist Party which agree on the need to do this, and not otherwise.

But, in any event, the problem is that you have conducted that process so that, excluding the Spanish Communist Party and a sector of the Basque Communist Party, you have reached a time when, I'm not sure whether it is 45, 50 or 60, but 45 would suffice for me, or 40 percent of the members of the Basque Communist Party are rebelling against the manner in which the process of unity is being carried out.

What you are going to perform thereby is an abortion, you are going to achieve the abortion of something that was a promise; and I want to say that, even though you might do what you propose, breaking the party insofar as we are concerned, we would continue to struggle for an agreement, for rapprochement, for unity among the Basque Communists of the EPK and of the PCE with Euskadiko Ezkerra, and also with the Basque Socialists.

The danger is that you are going to have a hope aborted. And what are you offering us in exchange? And not only here. The other day, at the meeting with the Executive Committee which you did not attend, to which you sent two delegates, what did you do at that meeting? You refused to discuss the situation of Euskadi in a complete manner, and you called upon us to discuss only the condemnation of the so-called "splinter groups." And since we did not agree to that, and since we wanted to exercise our right to examine the situation, you left the meeting, you had a press conference already called, which means that you had actually planned and dealt the blow.

What do you offer us? What do you propose to us? That we authorize the division of the EPK, backing you who have broken with us, who have violated the Statutes of

the Spanish Communist Party, backing you against those who have acted badly in calling that assembly, which ought not to be convened, but who in the end uphold the Spanish Communist Party?

Do you want us to do that? We cannot do that; at least my vote will never be cast to do that.

What do you propose to us? We propose to you, first, that this assembly not be held; second, that all the penalties be cancelled; and, third, that there be called what should have been called already: a special congress to decide on how to carry out the process of unity in Euskadi.

What is the purpose of that proposal? Well, the purpose of that proposal is the mediation mentioned by Jordi Sole Tura; because we are willing to intervene in an attempt to arrive at an agreement between the party's two sectors on the issue of unity, so that the special congress will be a congress of unity.

We are not interested in removing this one, or that one, or someone else from the leadership. We are not seeking anything of the sort. What we want is a process of unity that is carried out with a united Basque Communist Party. That is a position of mediation, of mediation to restore the unity of the Basque Communist Party, mediation to create the conditions for a genuine unity with Euskadiko Ezkerra.

If you reject that, then you put us in the awkward position of adopting measures and otherwise intervening in the process. If you do not want that mediation, if you reject that mediation, then you force us to say: "Well, all right, we shall intervene in Euskadi."

Our proposal is actually a proposal for mediation, the only proposal possible. On that basis, there can be a discussion, we can see how the unity is to be achieved, in what direction the unity will proceed, what types of unity, anything that we want. And on that basis, we also commit ourselves to the process of unity in Euskadi.

That is the issue as it is posed.

And I would like to say that we shall comply with Article 38 of the Statutes, which consists of things to be complied with. In other words, that the Central Committee will make a decision here that is binding on you. And if you reject it, then you obviously break with the Spanish Communist Party; it is very simple.

We did not want to resort to those methods previously. And Nico explained the patience and care that we took to deal with the problem, and that is why we have not condemned that letter which Charli mentioned. But the resolutions made today by the Central Committee are compulsory for the entire party. And we shall implement them.

I shall conclude by saying a few words about a matter which, however we may express it, is of concern to everyone in one way or another. And it is that there will be elections in this country very soon, that we shall not go as far as 1983. And we cannot remain from now until the elections involved in these problems, making our percentage drop, drop, drop and drop. And, in my opinion, we have 2 or 3 months to solve these internal problems. And when I say these internal problems, I am also

referring to the problem that exists at present in the PSUC, which concerns us especially because we could receive a tremendous blow there if we do not succeed, with the comrades from the PSUC, in eliminating the situation that we definitely have now. We have a very limited period of time to put the party in order, and to have 7, 8 or 9 months to recover an image of seriousness, consistency and responsibility for the Spanish Communist Party. If we do not do that, we shall have a defeat in the elections, when we might not have a great victory, but we could indeed progress. And I do not think that what Comrade Felipe Alcaraz said about Andalusia was any kind of triumphalism, but rather responds to a reality. And in other places as well, I believe that the party is expanding its space and that, as the PSOE engages in a more erroneous, and more ambiguous policy, with Calvo-Sotelo, the party's sphere of influence and of possibilities will expand. In my opinion, the size of the demonstration against NATO and against the colza has been highly significant.

We cannot commit suicide; we must solve those problems. And let it not be claimed that we are proposing administrative measures; our proposal does not contain a single administrative measure. It is (as I have said) a proposal for mediation.

Now if that is rejected, there are some statutes and there are administrative measures, I would call them organic, which we would have to take if we do not want to cease being the Central Committee of the Spanish Communist Party.

We shall submit a proposal in writing, which will be distributed among the comrades. There is also the proposal made by Pilar Brabo, in writing, which you shall also have. We shall vote on it. Pilar Brabo has proposed secret voting. If 10 percent of the Central Committee requests secret voting, it must necessarily be made secret, and means extending the session for a long time.

But that also means something else. I would like to tell it to Pilar Brabo. Just as the secret vote is fully justified when candidacies are concerned, demanding the secret vote when adopting a policy position is involved means thinking that the Central Committee is a kind of UCD [Democratic Center Union] parliamentary group, wherein there are comrades who vote differently from the way they would with the secret vote. I think that this is an insult to the members of the Central Committee. In any event, if there is 10 percent, we shall obviously do it with a secret vote; but I think that this shows a rather low opinion of the political and civic courage of the members of this Central Committee.

Jaime Ballesteros' Views

Madrid MUNDO OBRERO in Spanish 6-21 Nov 81 pp 10-15

[Article: "Meeting of the PCE Central Committee, 22 October"]

[Text] Jaime Ballesteros

This special plenary session is taking place in accordance with Article 38 of the Statutes approved at the 10th Congress, which are currently in effect in the party. As the aforementioned article states: "In the event that conflicts arise which have proven impossible to surmount through the party's ordinary work methods, relating to the individual policy in the area of the parties of a nationality, country or region, the Executive Committee, in a special manner, through its initiative or at

the request of the party or parties concerned, will convoke the plenary session of the Central Committee to examine the dispute, and the latter will decide upon the matter."

As I believe you all know, we are faced with a clearcut instance of conflict between the leadership of the PCE and that of the EPK, which proved impossible to surmount through the party's ordinary work methods. Hence, in accordance with the party's legality and democracy, this Central Committee must decide on the matter. As prescribed in the same Article 38, we have also invited the EPK's Executive Committee.

This involves a decision on the situation created in the EPK and between its leadership and the leadership of the PCE following the process of talks with the EIA and EE for the convergence and possible merger with the EPK, for the purpose of creating a new party in Euskadi.

The possibility of this convergence was something already anticipated and fostered by the party for some time. As early as the conference held by the EPK in France during 1970, there was a statement of this desire on the part of the EPK to turn in that direction, and to do whatever was possible to promote that opportunity. It was already discerned that among certain ETA forces an evolution might be caused that would lead toward Marxist, democratic positions. The PCE's leadership was in complete agreement with that orientation.

At the EPK's Fourth Congress, this possibility was formulated more concretely, linking it with the notion that EE, in its political evolution, which was hailed as positive, would definitely overcome both the problem of terrorism and that of independentism. We, the PCE leadership, were in full agreement with this orientation, and these resolutions from the EPK's Fourth Congress.

I would like to begin by stressing the importance of a possible convergence between the EE and EPK. To foster, favor and achieve the success of that convergence would be a major step toward overcoming the division between the nationalism of the left and the EPK in Euskadi. It would mean progressing in the possibility of creating a new party in Euskadi, a new workers, Marxist and Eurocommunist political formation, a Eurocommunist Basque national party. We view, and have always viewed this prospect as something highly important, something that it befits us to promote, something that must be followed very attentively, with the necessity of developing orientation and political practice that would benefit that possibility.

The possibility of creating this new party would unquestionably increase the strength of the most conscious portion of the Basque working class, and would be important not only to Euskadi, but also to all of Spain. I do not think that any of us here are unaware of this fact. It would be a major step toward consolidating and defending democracy, and toward increasing the weight of the working class and of Eurocommunism in Euskadi and all of Spain, and toward lending more strength to the prospect for progress, both in Euskadi and throughout all of Spain.

On this (it need not be stressed) there has always been complete unity within the EPK, among its leaders and among the leaders of the PCE. I have commented previously on the positive progress of EIA-EE, and I would like to speak briefly on this subject. As was noted at the EPK's Fourth Congress and as has been observed subsequently, the EE and EIA have made real, positive progress, progress in the abandonment of terrorism.

We all know how the dissociation from and abandonment of terrorism on the part of the EIA or the Political-Military linked with the EIA have represented a major step in the consolidation of democracy, and in the prospect that Euskadi may advance and become normalized with the process in all of Spain; a major step in giving up what still remains of terrorism. That step on the part of the EIA and EE has, without doubt, been something very positive from the standpoint of their evolution and overall political repercussions. There have also been some major steps with regard to a lesser stress on independentism; I would call it a lesser stress. I shall discuss this later, because some problems still remain in this regard.

There have been major steps in the statements on behalf of Marxism and in an effort for Marxist analyses in some of the subjects that they have worked on, and in the texts emerging from their Congress. There has been an entire series of advances in statements and reflections on the value of a democratic path to socialism, and on the value of democracy combined with the process of emancipating the working class and the society. What doubt can there be that in the EIA's materials there is still ambiguity and contradictions, and I would say even a certain amount of doctrinalism; but here I would like to stress the major, and even very major progress.

I think that we are all agreed on this too, on the positive quality of the evolution of EIA and EE, along with the contradictions and ambiguity. It is this progress which has made this process of convergence that is sought and desired by everyone a real possibility. In that positive evolution of EE, we must assess primarily the courageous effort made by the EE comrades; this is, without doubt, the essential thing. They have gone through their experience of struggle, and this experience has led them to Marxist positions on a great many issues. But perhaps it would not be inappropriate to point out that an element which has fostered and aided that political evolution of EE has unquestionably been the existence and the policy of the EPK; the values which the EPK has had in Basque policy, its struggle against terrorism, amid a very difficult situation not at all propitious for us during that period wherein the positive evolution of EE has been occurring. We must not underestimate the success of the EPK during that period. If we were to underestimate it, we would lose all perspective on Euskadi. The EE evolution is also a success, as I have noted, because of the influence on Euskadi of the ideas of Eurocommunism, of our policy toward terrorism, of our political practice and of our strategic concept. Without the presence of the PCE in general and the EPK in particular, and of their policy, and the positive contribution that they have made throughout this entire period, the EE evolution would not be easy to understand.

I think that we are all unanimous in the view that the EE evolution has been positive, in general, and there is agreement on this.

The question must be asked as to whether the EPK evolution has been as positive. The EPK has made an unquestionable contribution to the pacification of Euskadi; it has had an isolated, forceful struggle for a long time against terrorism; and it has applied an overall view of the state there in the entire process of transition to democracy, when that view hardly existed in Euskadi. But now, when terrorism has started to decline, when it has become isolated from the masses, despite the fact that for a time there has still been the terrorist problem, now when the EPK has had to start reaping the results of that just policy which it had under the most difficult circumstances, now the question must be asked whether the EPK's political evolution during this latter period has been the most positive one. I do not consider this a question that is superfluous to ask.

In brief, comrades, I would like to make it clear to the Central Committee that we are not discussing either the possibility nor the feasibility of a process of convergence with EIA-EE to create a new Eurocommunist, Marxist, workers formation in Euskadi; that we are not discussing the unquestionably positive steps taken by EE during this period; that we are not discussing the great importance of that potential process of convergence, not only for Euskadi but also for all the people of Spain.

Then wherein lies the discussion? Wherein lie the opposing positions within the EPK leadership, between the majority of the EPK leadership and the PCE leadership? What is the dispute in which we are involved? The problem lies in how this process of convergence is being carried out by the EPK leadership. A poor method, mistakes in the party's leadership to bring this process to a successful conclusion, serious mistakes could cause the abortion of the process, even though there are these real possibilities which all of us endorse and observe.

But, furthermore, in this problem of how the process is being conducted by the EPK, we are not confronted merely with a problem of form and procedure. We are confronted with a problem of political content, of political clarification.

With regard to the method, I would like to point out that, from the outset, this process has been carried out behind our back, behind the PCE's back. We have not been informed of anything about the talks with EE, about those held before September, before the time when the EPK Central Committee approved the letter of 12 September addressed to EIA-EE requesting the initiation of formal negotiations for the merger; nor have we been told anything about the subsequent talks, about what was said at them, and about the different positions that existed. During this entire process, action has been taken behind the back of the PCE leadership. But, in addition, action has been taken without the proper reporting to the EPK leadership organs. The manner in which the decision was made by the EPK Central Committee to send the letter to EIA requesting the initiation of negotiations is symptomatic: At a plenary session of the Central Committee at which that was not even on the agenda, and at which it appeared necessary to write that letter so as to send it within 24 hours because this had been requested by EIA and that Central Committee, without having prepared to debate a letter of such scope and a problem of such scope, there was no other recourse than to adopt that resolution and approve that letter.

The process has been carried out without the guarantees that would enable the EPK as a whole to participate in that process, expressing its agreement or disagreement on each position in the discussions; which would have resulted in its feeling as if it were a participant and having confidence in that process. This was not done, and it was a process essentially carried out at the top level of the two parties, EIA and EPK.

I would like to comment on the matter of the EPK Central Committee's letter which I have mentioned, a letter requesting of EIA the initiation of negotiations, and sent on 12 September. At the outset, at the beginning of that letter, some very serious concessions were made. That letter states that the EPK will conduct the negotiations with complete freedom and decision-making capacity of its own; in other words, the break with the PCE has been included as soon as there is a request for the initiation of talks, and a violation of the PCE Statutes has been included, taking a position apart from them. Because the EPK is part of the PCE, it is an organization of the

PCE, and it cannot say at the initiation of the negotiations that it will hold them with complete freedom and decision-making capacity of its own. And that is apparently noted in the letter sent to the EIA, in a gratuitous manner. I assume it to be unthinkable that this would be a response to a prior demand from EIA-EE; it was apparently something included in that letter in a gratuitous manner.

Secondly, in that letter there is mention of dissolving the organic bonds that currently exist with the PCE. In this regard also, at the outset, before the negotiations begin, a serious concession is made, clinching the previous concession. It is obvious that the bonds with the PCE of that potential new Basque formation which might emerge from the convergence with EE could not be the same that the EPK has now; they would have to be different. Our opinion in this regard is clear: different bonds, an open, very flexible position toward that, but the need for an association with the PCE on the part of that new formation, an association with the Communists of the entire Spanish State; because that is fundamental for the Basque working class and fundamental for the working class throughout all of Spain; because that is fundamental to the real existence of a prospect for transformation of progress and transformation of Spain. I shall comment on this matter, which is essential, in more detail later. But in the letter of 12 September, requesting the initiation of negotiations, mention is made of dissolving the bonds with the PCE. No mention is made of a possible transformation, no mention is made of criteria of flexibility, but only of dissolving the bonds with the PCE. And it must be clearly stated that those concessions have, in the first place, detracted strength from the EPK in the negotiations, in the negotiating process. With those concessions at the outset, the EPK has become weaker at the time for negotiations, because what lends more strength to the EPK in the negotiations is its being part of the PCE. It is that overall reality of being part of an organization extended over the entire state, which has a strategy of its own, which has a clearcut personality and which has a political space and area of its own. But those concessions have also aroused distrust, dissatisfaction and opposition from the EPK's rank and file; because they feel part of the PCE and, favoring a process to create a new formation in Euskadi, and desiring to encourage that entire prospect, they clearly realize that this potential new formation must be associated with the PCE, with the Spanish Communists as a whole, in one way or another, and that anything else, denying that or abandoning that, is impossible, because it would mean an enormous weakening of the opportunities of the working class in Euskadi.

Hence, in that letter as a whole there are serious political elements which have hampered the success of the negotiations on the process of convergence with the EE, and which have divided the EPK. In view of this situation, the PCE Executive Committee met in a joint session with the EPK Central Committee. At that meeting, the resolution from which you have, we analyzed the situation and the mistakes made by the EPK leadership in conducting the process; we analyzed the serious political ambiguities that remained in the negotiations; and we studied how to redirect matters so that the process would not fail, so that the EPK would not be broken and so that this process, the chances of which are real, might reach a satisfactory conclusion.

And we must comment on several political matters because, as I have said, this is not just a problem of methods or procedure, with the unquestionable significance that the latter have. It is, primarily a political problem. In the first place,

there is the matter of the relationship of that potential new formation with the PCE. As I noted before, this is a critical matter associated with the entire issue of the Spanish revolution, an issue and a consideration of the Spanish revolution that is not included in the EIA texts nor in the joint draft prepared by the EIA and EPK. But it is the entire issue of the revolution, and the context of the revolution; because there is no context of the revolution in Euskadi. The context of the revolution is Spain, something which does not by any means preclude the specific qualities and autonomous aspects within that revolution and within the process of the social and political transformation of Spain that Euskadi has, as do other nationalities and regions. Mention is made in the EIA materials of the historical bloc, as a driving force of that revolution to make the social change; but the historical bloc is not an historical bloc of Euskadi. There is no historical bloc in Euskadi, there is an historical bloc in Spain, within which there will be Basque idiosyncracies, as there are Catalanian, Galician and Andalusian idiosyncracies, and those of other places. But, very concretely, there will be Basque idiosyncracies within that historical bloc; yet the historical bloc which must head, direct and hegemonize the social and political transformation has a national framework involving all of Spain. It cannot have a Basque framework; there is no Basque historical bloc. And there must not be any confusion about these matters; it is impossible to undertake negotiations without discussing these matters, without discussing them, or with confusion about these matters; because what is at stake is the influence and the very perspective for creating that new formation, which will be a formation linked with all the Communists of Spain and which will be a serious, historic step forward in the consolidation of the ideas of Eurocommunism in Euskadi, in the elimination of the division between nationalism of the left and communism in Euskadi, and a decisive step in the progress of all the Communists in Spain. The working class needs a political instrument, as a class, in the state as a whole; the working class cannot advance toward phases of progress without a political instrument, as a class, on the state level. It cannot advance with autonomistic parties; it will not advance toward its transformation in Spain, it will not advance toward occupying more political space and toward having greater hegemony in the entire society. A workers party confined to the autonomistic context cannot become consolidated as a class party either. I am convinced that a workers party confined to the national context will either fit into or become associated with a state party, or succumb completely to nationalism. And failing to understand this, or making concessions in this regard, is dangerous. If the class political instrument extended to all of Spain and with the scope of all of Spain, which the working class needs, is not guaranteed, Marxism, Eurocommunism, our party and the working class would have only the PSOE as a state instrument; and that would be a very obvious danger which, moreover, would not bring about an increase in the progressive or socialist essence of the PSOE, but would rather lead the PSOE to social democracy. There must be clarity concerning these matters, and steadfastness in their defense.

These are matters on which we Communists cannot yield, and very closely linked to this matter, as has been made clear in everything that I have said, is the problem of the relations between that potential new Basque formation and the PCE, and Spanish Communists as a whole; and that must be discussed in advance. On the other hand, we cannot afford to dispense with that association, that bond, in advance.

There is another issue which is also very important, namely, the trade union issue. In the event that we succeed in our action, and implement it, what kind of trade union policy with the new Basque formation have? Which will it support, ELA-STV [Basque Workers Solidarity] or CCOO [Workers Commissions]? Will have an exclusively Basque nationalist perspective on the trade union movement, or will it have a perspective based on a trade union movement whereby, affirming the Basque national cause, and affirming the status of a nation that Euskadi has, it becomes associated and integrated with the entire class-based trade union perspective of all Spain, in the CS de CCOO [Trade Union Confederation of the Workers Commissions]? But these are critical issues which must be discussed, and which cannot be withdrawn from the discussion or from the party as a whole, nor withdrawn from the rank and file in Euskadi. These are critical issues because, in the documents of its Congress, EIA still opts for the ELA-STV perspective, and is opposed to the CCOO. With regard to the latter, it only proposes to favor the CCOO movement that is opposed to the ANE [National Accord on Employment] agreements; in other words, there is an attempt to divide the CCOO, to weaken it, to lead part of the CCOO to oppose the resolutions adopted by the CCOO. That is to say, we are again faced with the problem of whether the trade union instrument needed by the working class is an autonomistic union or a union for all Spain, which would not exclude the individual features of each nationality and each region, in that trade union movement as well. Because this is not a matter of a trade union model; it is not a matter of how EIA views the features of the union as a trade union model, or of whether that model resembles or approaches the model of trade unionism created by the CCOO. That is not the problem. The problem lies in whether there is backing for the CCOO, whether the trade union perspective includes the CCOO or is opposed to the CCOO; and whether it is based on an autonomistic trade union perspective, or a trade union perspective that includes all of Spain.

Because, in the negotiations, we must negotiate viewing the essential political issues concretely, and not on ideological generalities, which are important; I am not saying that they are not; but, in the negotiations, the fundamental aspect lies in the very concrete, immediate and long-range issues, which should not be left ambiguous or excluded.

We noted these matters at the joint meeting of the Executive Committees. A clearcut opinion was expressed by the Executive Committee. We emphasized the need to reestablish the party's unity in Euskadi, because only a united Basque Communist Party can have the necessary strength with which to make this process culminate successfully. If that negotiation process were to be accompanied by a process of division and rupture within the EPK, it is unquestionable that nothing worthwhile would result from it. We underscored the need to reestablish the unity of the EPK as a necessary requirement so that all those possibilities for convergence of the EE, leading toward a new formation, may be really carried out and implemented. And we also emphasized the need for a certain amount of reconsideration of the negotiating process; a redirection of the negotiating process, on the following bases: unity of action between EIA-EE and EPK; unity of action in the trade union area, in the mass movements, in the districts, in the town halls, wherever we have forces, in parliamentary activity, as well as in political initiatives, and in the most important campaigns; a unity of action that would create an atmosphere conducive to mutual political activity among the rank and file and among the cadres in one group or another; because the process of unity between two parties to create a new one

cannot be achieved only at the top level of two parties, without their participation in a practical experience of unity in multiple action, that is plural in all respects. There must be unity of action in all those areas and, secondly, we emphasized the need for complete publication of the negotiations, and of the discussions that are held in the negotiating process on the political and ideological issues.

There must be complete publication of those discussions, all of them, with the speeches of all the members of those commissions; there must be a publication of the stenographic records; the EE-EIA and EPK rank and file must be informed, so that they may express opinions, and so that this process will become a reality that gradually takes shape, wherein the differences are settled; a real process in the real existence and activity of those parties, and not in the alleged reality of a discussion behind four walls among the heads of two parties.

And in that discussion between the EIA-EE and EPK, there must be a clearcut dealing with the matter of the process of socialist transformation in Spain, including the socialist transformation of Euskadi; and that matter must be dealt with in a direct, open, concrete and clearcut manner. This entails clearly discussing the Eurocommunist policy, and the problem of Eurocommunism, without ambiguity, but clearly and directly; and it also entails discussing the matter of the relations with the PCE, which neither of the two issues can leave in the shadows.

The statement by the PCE Executive Committee was very careful; we made an effort to write it so that it would be a type of statement in which the words were carefully chosen to facilitate matters for the EPK leadership, so that it would not be thought that we were meddling in the process, and so as to respect the leadership of the EPK heads in that entire negotiating process. We were careful about form so as not to create problems. We talked about recommendations, we used that term; but it must be said that none of this was of any use, because what was discussed and approved on that occasion has been totally unfulfilled. The process continued, such as it was; it continued, and at a fast rate, without the necessary clarifications and corrections. Stress was placed again on independent decision-making; and there was stress on the mistakes. All this increased the division within the EPK, increasing the division among its leadership. Four days after the meeting between the two Executive Committees, and the resolutions adopted on that occasion, the draft proposal for an agreement between EIA and EPK, prepared by the joint commission, was published. Matters had already been decided.

And I shall comment on some of the political topics which appear in this draft. Before embarking on them, I would like to note in passing that there is also continued stress, as at the outset, on the fact that, should the convergence between the EIA and EPK take shape, it would mean the elimination of the confrontations between Socialists and Communists, as well as the elimination of the confrontations between the left wing nationalists and the Communist Party. There is continued emphasis on an idea which is not realistic, which exaggerates the problem; because if success is achieved with the convergence between EE and EPK, there will be no elimination of the division between Socialists and Communists. That is another war, that is another terrain, that is another scenario, with different protagonists. The convergence between EIA-EE and EPK is aimed at taking a very important step in eliminating the division between the left wing nationalists and the Communist forces, but it has nothing to do with the division between Socialists and Communists.

However, there are far more important problems; there is the problem of independentism. And the independentist perspective appears clearly in the draft prepared by the joint commission of the two parties, EPK and EIA. Mention is made of the conquest of full autonomy for Euskadi; mention is made of independence as the complete assumption of national sovereignty; and even a gradualism is established wherein three phases are demarcated for that accomplishment of full sovereignty and independence. In the first phase, certain gains are made, namely, the Statute of Autonomy, which must be put to the maximum use. In the second phase, the federal state occurs, which is a step beyond; and the third phase is the independence of Euskadi in a Socialist Europe. In other words, the entire current democratic process and its possibilities for evolution are considered from an independentist standpoint, thereby failing to fulfill one of the statements from the EPK's Fourth Congress, requiring EE, in order to clarify positions and be able to progress in the convergence with them, to clearly surmount the problem of terrorism and independentism; and that if those situations were not surmounted, there could be no process of convergence, nor would negotiations be in order. And this perspective of independentism appears in the draft.

No mention is made of backing for the Constitution. The status for the labor movement appears, and I shall read a sentence from this draft, as: "a participation in the common struggle of all the workers with an independent strategy within the autonomous context of the class struggle which is Euskadi." All those concepts that I have mentioned are in the context of an exclusively Basque class struggle, and an independent Basque strategy. In the draft, we must say so clearly, there are still nationalist positions persisting in EIA, which are not Marxist, class positions. They are nationalist positions that EIA has inserted therein. And we cannot accept that.

Generally speaking, with regard to the latter observation, we must say that there is no evidence anywhere of what the EPK has contributed to the draft, because the entire content of the draft was already in the texts of the EIA, and of its Congress. It is not clear what the EPK contributed when it was time to write that draft. And in it, mention is made again of the historical bloc relating to the Basque Country; the process of socialist transformation is placed in the Basque Country again; and there is still a lack of clarity on a subject of such great importance as this to the problem of the revolution. And nothing appears in the draft about Eurocommunism; it is not merely that it is not formulated. It is not a matter of a name; that is not the fundamental problem. For example, in all the discussions, nothing is said about international policy. When it is time to create that new party, one notes a silence on international policy. And it is not fitting to propose an organic unity without clarifying the issues of international policy, the position toward the blocs, the independence of the Spanish revolution, the non-interference of some states in others, and of some parties in others. If these matters are not discussed, something essential to and substantial with Eurocommunism, what will emerge is not a Eurocommunist Party, but rather a party the nature of which we cannot know. And it must be said that nothing appears in the draft concerning an express, formal statement rejecting terrorism. It might also be said that there is nothing in favor of terrorism. That is good! But when it is time to make a draft for the merger of two parties in Euskadi, when one party comes from the Abertzale [patriotic] nationalist movement linked with terrorism, when it is time to write the basic texts for that, the

issue of terrorism must be brought up directly, and there must be an express repudiation of the terrorist perspective. It is not fitting to fail to discuss this. This requires express, formal rejection. And no mention is made about the PCE's association either. There is a continuation along the line of the letter of 12 September, and the draft on negotiations between the two parties again goes on without any mention of a prospect for association with the PCE, a flexible perspective, to be discussed opening, so as to find the means.

When this problem of the relations between the two parties is created, it is stated in the following manner, commenting: "The party (which might emerge) will maintain political relations based on cooperation and collaboration with all the forces taking a similar line of struggle against exploitation and oppression, both in the international area and particularly in the State, and preferably with those whose tactical or strategic options coincide with it (with the new party) at all times." With the forces taking a similar line; and we have already seen what the problem of the line, which is a series of ambiguities, is like in this entire process.

It is clear, of course that this paragraph is not directed toward an association with the PCE as a partisan context in the Spanish State as a whole.

And we must say that in the joint draft there is no trade union policy, no option for a trade union perspective and no clearcut position on this subject. This means that there persists the position of backing for ELA-STV, the position opposed to CCOO; and that the nationalist position persists in the trade union area.

Therefore, this draft continued to commit all the political errors that we had noted in the first letter, wherein the EPK Central Committee requested the opening of negotiations with EIA. The party's Secretariat assumed a public position toward this draft, before the entire party as a whole, stressing the need to guarantee the party's unity, the need to redirect the entire process on the basis of unity of action and full publication of the debates. At the same time, we emphasized a group of matters which I have mentioned; matters which had to be discussed and be made clear in the negotiating process. This was rejected again by the EPK leadership, and it continued ahead adopting measures and progressing along the path that it had taken. And we must give another reminder of the fact that it continued ahead in complete statutory illegality; it continued taking steps toward the break with the PCE; it continued emphasizing complete freedom and capacity for making its own decisions; it continued exacerbating the political errors in the manner of conducting the negotiations. This has brought about an increasingly greater break within the EPK, a greater division; and has given rise to an extremely serious situation within the EPK.

And in this regard we should recall that the EPK is part of the PCE, and is subject to its discipline and, particularly, its leadership, particularly its secretary general and the majority of the EPK leadership. We should recall that the EPK is not an independent party, but rather an organization of the PCE, which unquestionably operates with the most extensive autonomy, but an organization of the PCE, as the statutes indicate. And on this process that we have been experiencing during recent weeks, we also want to make a self-critical reflection. And it is that, on our part, on the part of the PCE leadership, there has been too much

permissiveness toward the behavior that has been assumed by the majority of the EPK Central Committee; that there has been too much permissiveness, and concern for reaching a political solution that would unite us with the EPK. And we have neglected to adopt measures with respect to the negative elements that we have been observing day after day, which have been clearly in evidence since the letter of 12 September. We have committed excessive permissiveness for which we here are responsible. Permissiveness does not always help unity; sometimes it helps to destroy democratic centralism and to weaken the party. And we have brought respect for the EPK's autonomy to the extreme of not taking any initiative on our own with regard to EE, no direct initiative. This does not make sense, and it has not helped the satisfactory direction and success of the process.

I do not wish to stress the steps taken since the letter of 12 September by the majority of the EPK leadership against the PCE, taking the EPK to the brink of liquidation; the haste in accelerating the agreements, making essential relinquishments; haste perhaps due to the impact of repeated electoral defeats, and possibly owing to the loss of confidence in the prospect of the political space of a Communist Party in Euskadi. But there may have been a loss of confidence in its own strength, in its own political personality, and in its own policy that the EPK has been making; a lack of confidence in that, with a concern for the electoral policy. Perhaps that is the origin of the haste. And in all that I have been saying, I wish to state clearly that the fundamental responsibility lies with the majority of the EPK leadership, and lies essentially with its secretary general. And in these mistakes lies the cause for the division of the EPK, for the break that virtually exists at present. We have criticized the convocation of an assembly made by a group of comrades who have fought the type of action taken by the majority of the EPK Central Committee. We have criticized it in the statement of the Executive Committee, requesting that it not be held. We believe that this assembly should not be held as it has been convoked, and we have complete confidence that the convoking comrades will understand this. But, at the same time, there is no doubt that this entire state of division and confrontation which is destroying the EPK, which has weakened it in the negotiations and which has already placed it in a serious serious situation whereby those negotiations may fail, that this entire situation has been created as a result of the decisions made by the majority of the EPK Central Committee. We have criticized the convocation of that assembly, but the fundamental liability for the situation that we have reached lies with the majority of the EPK Central Committee and its secretary general. We cannot fail to analyze this; we must distinguish between fundamental liabilities and other liabilities which we must also without doubt indicate.

We find the penalties adopted by part of the EPK Central Committee, which are another example of illegality, and of wanting to solve the problem in that manner. They are another clear, obvious example of illegality, because Article 64 of the Statutes states that no organization can penalize one of its members if he is a member of a higher organ of the party; and this organ, the higher one, is authorized to impose the penalties, if they are in order, either at the initiative of the lower organization or on its own initiative. And Ormazabal and Tueros, members of the PCE Central Committee, have been dismissed from leadership positions; and the EPK Central Committee does not have the authority to dismiss them from its Central Committee. We, this Central Committee, are the only ones who can dismiss. Comrades, it is impossible to plan the creation of a new Marxist party liquidating the PC; and those decisions on penalties are the party's liquidation. They are the beginning of the party's formal liquidation. We are faced with a process of the

party's liquidation. And I wish to give a reminder that, for some time, since before this process, there has been a policy to remove from the EPK's centers of leadership the comrades who had doubts about the procedures, and who, incidentally, represented the major groups, with the most militancy and the greatest electoral entrenchment. The unity of a party cannot be created in that way; what is done thereby is to destroy a party. Comrades, we cannot disregard the fact that we are facing a hard, difficult situation, forcing us to make unpleasant decisions; but they must be made. Decisions for what purpose? For the purpose of not abandoning the recomposition of the EPK, because we cannot abandon it; for the purpose of reestablishing democratic normality and the Statutes in the EPK, and of reestablishing the relations between the EPK and PCE; measures aimed at a proper redirection of the process of convergence with the EE, accompanied by guarantees and sincerity, so that this process may become a reality, in an attempt to save it, because this process is at the brink of failure, or of resulting in something that would be a caricature of the process.

And the proposals which we submit to the Central Committee are as follows:

In the first place, to cancel all the penalties adopted by the Central Committee and the other leadership organs of the EPK. That is an obvious, necessary, essential measure which must be adopted; because with that course of action and, moreover, some of it is clearly illegal, with that course of action there will be no progress toward the unity of the EPK, nor will the possibility of creating that new labor formation become a reality.

Secondly, to expressly convoke the special EPK congress, for the following purposes: to reestablish the party's unity, and to discuss, with complete democracy, to discuss and agree on the manner in which the process of convergence with the EE should be conducted, so as to achieve that new formation. Also, to discuss the class and political content, which must be discussed in that process of convergence.

Thirdly, to appeal to the comrades convoking the assembly of 25 November not to hold it as announced.

Comrades, the Central Committee must also manage to assume its responsibilities when they are hard and unpleasant. And this holds true if we want to save the EPK, if we want to preserve its unity; and also if we want to seriously propose that the possibility which we all affirm and in which we all believe, of proceeding toward convergence with the left wing nationalist forces so that, through unity of action and a clear, consistent discussion of the political and ideological problems, we may advance toward the successful creation of a Eurocommunist, Marxist, workers organization in the Basque Country, will be a major gain in the prospects for the presence of Eurocommunism and the new party of the working class, and its strength in the Basque Country, and, simultaneously, to strengthen the area that the working class and its allies have in the entire Spanish political situation, with a view toward the future. If we really want to consider these problems seriously, those measures must be adopted.

I ask you in the name of the Secretariat to back these measures, and urge that this special session of the PCE Central Committee manage to undertake the redirection

of the process to where it has been taken by part of the majority of the EPK Central Committee, the process of convergence in Euskadi; and manage to really deal with the problems involved in restoring unity to the EPK and the relations between the Basque Communists and the Communists in the entire State as a whole.

2909

CSO: 3110/38

FOREIGN MINISTER: NO MORE LARGE-SCALE VIETNAM AID PROJECTS

Stockholm SVENSKA DAGBLADET in Swedish 25 Nov 81 p 7

[Article by Kaa Eneberg]

[Text] Sweden will not embark on big new aid programs of the Bai Bang type in Vietnam. This was announced to parliament by Foreign Minister Ola Ullsten (Liberal) on Tuesday. He indicated that Swedish aid will have a different direction in Vietnam in the future than it has had so far.

Ullsten was answering a question from Conservative Marten Werner who wanted to know if Sweden would take part in building a big modern pharmaceutical industry in Vietnam.

Marten Werner who visited Vietnam recently felt it is important that Sweden not embark on new projects before the big forestry project is completed in Bai Bang.

He also felt new projects should not be started with Swedish aid before "the war is ended." He pointed out that Vietnam has 200,000 men in Kampuchea and 60,000 in Laos.

But Marten Werner did not request drastic cuts in aid to Vietnam, the country that has received most Swedish assistance for many years.

And no reduction of Vietnam aid is being considered. DAGENS NYHETER has learned that a delegation from the aid organization, SIDA [Swedish International Development Authority], has gone to Vietnam to discuss new aid agreements for 2 years to start the next budget year, July 1982. The delegation has no instructions to talk about reduced national limits, as they are called. They are negotiating with the Vietnamese on continuing 365 million kronor in aid annually, an amount the Vietnamese are now receiving as they have done for the past 2 years. In real terms the frozen level means a reduction in Swedish aid during this period.

SIDA has already rejected Vietnam's desire to take part in the construction of a modern antibiotics factory.

The project has been judged too technically advanced. On the other hand SIDA would be glad to support existing production of basic medicines with deliveries

of raw materials, for example. They also want to cooperate in improving distribution and usage of medicines.

Swedish aid will also continue to go to the existing Bai Bang project and the two hospitals, the children's hospital in Hanoi and the Uong Bi hospital in the province of Quang Ninh.

The gigantic Bai Bang can be used to train personnel to be employed in paper mills in southern Vietnam. Sweden has already delivered some raw materials and spare parts there.

In Quang Ninh Province SIDA will focus on rural health care, especially primary health care with the emphasis on women and children. There SIDA would like to cooperate with the UN children's fund, UNICEF, or other international bodies.

The program discussion now going on in Vietnam is aimed mainly at an exchange of views between the two sides on assistance for the next agreement period. After Christmas the Vietnamese will present their "wish list," their formal request on aid for various projects.

For several years now Sweden has been the only western nation giving aid to Vietnam.

6578

CSO: 3109/51

ROLE OF OPPOSITION PARTIES IN ECONOMIC POLICY DEBATE AIRED

Stockholm SVENSKA DAGBLADET in Swedish 12 Nov 81 p 2

[Editorial]

[Text] How much can parliamentary debates on economic policy, like the one that took place yesterday, actually tell the Swedish people?

That each party or group of parties considers itself to represent economic expertise and wisdom is just as clear as the feeling that opposing parties do not understand the nation's economy (if they aren't downright wicked and malevolent). One's own policy not only worked in the past but will work in the future. It is exactly the opposite with the policies of one's opponents, their path is lined with failures and their proposals for the future will lead to the downfall of the nation.

A good deal of debate time was devoted to quarreling about the coming tax reform. Reducing the value-added tax, reducing interest and devaluation are also well-worth discussing. And certainly there is no reason to downgrade the importance of the size of the extra deduction for roots in taxing income from forestry.

To be sure there are bright points in the sleepy repetitions during the long day's journey into night. Economy and Budget Minister Rolf Wirtén was able to effectively demonstrate a long list of contradictions in the Social Democratic crisis program. Conservative group leader Gösta Bohman made it clear why his party could not approve the tax reform and explained austere and instructively the combination of supply stimulants and austerity policy.

And of course one can be diverted for a while by Olof Palme's speaking ability or Kjell-Olof Feldt's sharp humor.

But even so.

Economic policy is not primarily a question of technique, of choosing the right weapon from a scientifically developed arsenal. Economic policy is a question of an ideological choice of direction, a choice that concerns which social system we will have and how our children's and grandchildren's life environment will be formed.

Such a choice of direction involves work. Politicians have long told us that we can live off of granting benefits to each other. But we can only live off of productive work. There must be a renaissance of the value of work; it should begin in the schools but it also means that work, absolutely and relatively, must become profitable in an entirely different way than it is now. Marginal tax reduction is only a step in that direction.

We must rethink things radically when it comes to our view of business conditions. Enterprise and investments in risky ventures should be encouraged instead of being stifled under political guardianship. It should not be regarded as a bad thing to earn money.

Will we have more or less coercion? Will we expand room for individual decisions at the expense of collective decisions or will we continue to develop toward increased collectivization? If we choose less coercion and less collectivization it means that politicians and organization bosses must thoroughly reconsider what they are now doing.

Economic policy is primarily ideology. But we didn't hear much of that in the parliamentary debate. Even though reports from a number of parliamentary committees were involved and even though naturally the questions the committee members had been struggling with for weeks had to be discussed there should have been room for both aspects in a debate that covered 32 statements announced in advance, a number of replies and was expected to last from morning well into the night.

Much of the trouble is due to parliament's poor debate system and poor debate traditions. Talk about contempt for politicians; Sweden's parliament seems dominated by contempt for the people. Aren't members of parliament suffocated themselves when they have to listen to the same old songs, for that matter? Or are the only ones who listen the small minority forced to do so?

Some blame also lies with the mass media. If anyone deviates from the conventional track and says an entirely different policy is needed, not just small embellishments on the regular old policy he is reprimanded and insulted (see the box below [not included]).

The new leader of the Conservative Party, Ulf Adelsohn, is not a member of parliament and he is not caught up in its debate pattern. He should develop a new art of political speaking that helps people understand what is in question, grasp the connection between economics and ideology, realize a decisive choice of direction is involved, realize we can't continue in the same old path as before.

If he takes the chance--and he should--he will be reviled on many editorial pages. He can take that calmly. The people will understand.

6578

CSO: 3109/49

POLL INDICATES NEW ENVIRONMENT PARTY RAPIDLY GAINING SUPPORT

Stockholm DAGENS NYHETER in Swedish 23 Nov 81 pp 1, 5

[Article by Bo G. Andersson]

[Text] The newly-formed Environment Party would get into parliament if an election were held today. It received a hefty 4 percent in the latest IMU [Institute for Market Surveys] voter opinion poll. The Social Democrats declined slightly while the other parliamentary parties remained at the same level.

The Environment Party was founded this September as an offshoot of the People's Campaign Against Nuclear Power. One of the forces behind its origin was former Liberal member of parliament Per Gahrton.

In the previous poll the Environment Party received 1.5 percent. The 2.5 percent increase is the only statistically reliable change in the poll which was conducted from 19 October to 11 November. About half the 855 people interviewed could have been influenced by the submarine affair and the tax settlement between the government and the Social Democrats.

The Social Democrats declined 3.5 percent to 49.0 and the Center Party dropped 0.5 to 10.5. The Conservatives remained at 23.5 percent, the Liberals at 6.0 percent and VPK [Communist Left Party] at 3.5.

Incredible Boost

"An incredible boost to our party's work before the election."

That was journalist Sven Aner's comment on the latest IMU report which was presented in DAGENS NYHETER yesterday.

He is one of the people behind the Environment Party which received the support of 4 percent of the voters in the poll. In an election today the party would get several representatives into parliament. In the previous IMU poll the party received only 1.5 percent.

"It is fantastic that we should have 200,000-250,000 Swedes behind us in such a short time. Now it will be exciting to follow future SIFO [Swedish Institute for Public Opinion Polls] and IMU polls to see if the trend continues," said Aner.

The Environment Party was founded as late as 20 September in Orebro. It has divisions in about 30 communities and about 2000 registered members.

So far the party has simply presented its policy in a brochure--a "miniplatform"--a few thousand copies of which have been circulated. A detailed program is being prepared at this time and will be presented to the congress to be held in Uppsala on 5-6 December.

Quality of Life

People inside the party stressed that this is not a single-issue party or party of dissatisfaction.

"The parties of dissatisfaction that exist are often dependent on slogans and make it easy for themselves by promising more money for the individual. That is as far from our policy as one can come," said Sven Aner.

"For example we stress global solidarity and single out issues involving the quality of life. These are more important than a steadily rising standard of living."

But the party will also take a stand on the so-called pocketbook issues, the ones that affect everyday economy.

"At the congress in Uppsala we will confirm an economic crisis program and we will also take a stand on what kind of wage-earner fund we want."

Apprenticeships

The Environment Party--like the Conservative Party, incidentally--wants to combat youthful unemployment through the reintroduction of some type of apprenticeship system. Young people should be able to get jobs in industry at wages lower than those specified in contract agreements.

Shortening work hours is another way of dealing with unemployment, in the view of the party.

In the election campaign the emphasis will lie on contacts with people on the street and in the squares. "We can't afford it and we don't want to carry out a campaign with the help of printed materials as the other parties do," they say.

The party has a functioning party leadership. The present leader, Eva Sahlin from Hok outside Hudiksvall will end her 3-month period of service at the congress. Her successor will be Inger Paulsson from Ostersund.

Stop JAS Plane

The Environment Party also wants a temporary halt to the JAS airplane project. The decision should be postponed past the 1982 election to make a broad democratic debate possible.

The Environment Party also wants defense funds redistributed. Civil defense should be reinforced considerably in order to provide more shelters and protective masks, among other things.

All citizens should have training in self-protection and civil resistance. Public works should be directed toward building a national and regional supply apparatus that could deal with catastrophes, the party says.

Poll Measures Attitudes--Not a Forecast

"The IMU report should be seen more as a measurement of political attitudes than as a forecast of the 1982 election.

"Voting behavior in an election sometimes differs sharply from attitudes during intervening periods. Therefore one should differentiate between the present figures for the Environment Party and what it might get in an election."

These words were spoken by political scientist Olof Pettersson of Uppsala in a comment on the high figures for the Environment Party in the latest IMU measurement of party sympathies.

"It is extremely difficult to say anything about the party's chances in the parliamentary election on the basis of this poll. But it is reasonable to assume that their sympathizers lie somewhere between 1.5 and 4 percent of the electorate.

"Experience shows that all small parties have a harder time the closer we get to an election. Talk about 'wasted votes' always comes into the picture," he said. "To avoid being affected by such a discussion a party should remain stable at 5-6 percent for a considerable period."

Olof Pettersson, who has studied the voting habits of the Swedes in several parliamentary elections, believes that the IMU poll does express an opinion, especially among young people who are turning against the established parties and their environmental policies.

"The interesting thing is what will happen to these people as the election gets closer. Will the Environment Party also be able to offer them an acceptable alternative when it comes to the economy, wage-earner funds, etc. when that time comes? That is what will determine whether or not the party gets into parliament."

6578

CSO: 3109/49

PAPER STUDIES LATEST POLL SHOWING SURGE BY ENVIRONMENT PARTY

Stockholm DAGENS NYHETER in Swedish 22 Nov 81 p 2

[Editorial by Svante Nycander]

[Text] The Environment Party made a sensational move up to the magical 4 percent barrier in the latest IMU [Institute for Market Surveys] poll. It seems that Per Gahrton has more followers today than Lars Werner. Even if an element of chance was involved one can be sure that after this the Environment Party will be taken seriously in the debate and that it will emerge as an alternative for doubtful and dissatisfied voters.

The upsurge for the Environment Party was matched by minus figures for the Social Democrats and KDS [Christian Democratic Party] but the underlying voter trends are sure to affect the nonsocialist parties too. Per Gahrton's anti-nuclear power party has probably attracted some voters from both the middle-spectrum parties which in turn regained some of their sympathizers from the Social Democrats.

Making due reservations for uncertainty with regard to a single poll one may assume that the Environment Party has some support in the area of political opinion. After the nuclear power referendum the older parties have shown less interest in environmental issues and welfare problems in relation to economic crisis issues.

The IMU poll was conducted between 19 October and 11 November. It only partially registered any reaction there might have been to the tax proposal and the submarine affair. The government parties have reason to hope for plus points on both issues. In the poll they remained at the same low level as they had in the past, 10.5 percent for the Center Party and 6 percent for the Liberals.

Big changes, the political meaning of which is not quite clear, have occurred in Sweden during the past year. One can point to two events that turned developments onto new tracks: the SAF/LO [Swedish Employers' Confederation/Federation of Trade Unions] settlement of 3 February and the tax compromise arrived at by the Center Party, the Liberals and the Social Democrats.

There is a strong connection between these two agreements. The three-party government presented its tax proposal on 3 February 1981, the same day the wage

settlement was reached. The proposal reflected the situation before the agreement. The government did not believe broad agreement on economic policy was possible and daringly opted for a tax reform in the shape it wanted. LO said no thanks to the government's offer to negotiate on tax issues. When the government proposal became known in detail Gunnar Nilsson said it should now be clear to everyone why LO had refused to take part in "this comedy."

But the moderate agreement between SAF and LO had opened up new perspectives which gradually became clear to the Center and Liberal parties during the spring. The settlement of the tax issue on that remarkable night was in reality the logical continuation of the new understanding on the labor market.

It was not a capitulation as the Conservatives charge. The tax proposal "would have looked different if the labor movement had formulated it," wrote Gunnar Nilsson in AFTONBLADET recently. "It is after all a compromise."

The pattern has become increasingly obvious. The Social Democratic report on the crisis this summer was a step toward more realism in the economic debate. The Social Democrats and LO accepted devaluation by 10 percent in September--a measure that would have been called a betrayal of wage earners if the climate had been worse.

Today Gunnar Nilsson is trying to find a formula to organize workers around a line of restraint in the 1983 contract negotiations. He himself made a strong contribution to the climate improvement that has occurred.

The tax compromise set off a government crisis with a big debate on a possible new election. The Conservatives clashed with the middle parties and the non-socialists with the Social Democrats. The Conservative leadership has continued to depict the tax reform as a "catastrophe." Through the beating of the waves could be glimpsed the contours of a new political situation. It is possible to have objective discussions across bloc barriers. This can be noticed on the defense question, for example. The chances of reaching agreement on a new Swedish airplane system are considerably greater than they appeared a year ago.

This development has been possible because the middle parties and the Social Democrats have been able to preserve some mutual respect for each other in spite of everything. The present isolation of the Conservative Party is not due to the fact that the tax proposal is objectively unreasonable from the party's point of view--on the contrary. The explanation lies in the Conservative conviction that Sweden's economy can be wrested onto the right course only through a fight with the Social Democrats and the trade union movement, not through cooperation with them. "Olof Palme--Enemy of the Wage Earner" is the title of one of Gosta Bohman's speeches (reproduced in his book, "Course toward the Future," 1981). Bohman expressly regards the Social Democrats as "the Number 1 enemy of the wage earners." Why should he try to reach an agreement with them?

For the sake of the country one hopes for a continuation of the cooperation that started at Blasieholmen in February and has since been completed in the form of

the tax compromise. The low opinion poll figures for the Center and Liberal parties bear witness that nonsocialist voters are not clearly aware, unfortunately, that this is the way leading to prosperity and economic health. When will a far-sighted policy begin to produce results, including results in the form of increased voter confidence?

6578

CSO: 3109/49

BOOK EXAMINES LOSS OF RESPECT VOTERS HAVE FOR POLITICIANS

Stockholm DAGENS NYHETER in Swedish 8 Nov 81 p 2

[Editorial by Tore Winqvist]

[Text] An element of contempt for politicians is running through the western world, the part of the world where one is not supposed to like one's politicians; at least that is what we are told by the mass media in all the countries affected. Political scientists in the United States, the EC countries and here at home say roughly the same thing in somewhat less crude terms, so there is good reason for politicians to examine themselves while the average distrustful voter should become aware of what he can and cannot demand from his representatives.

There is a distrustful, malicious contempt for politicians in our own country too. Part of the witch hunt surrounding our current defense minister is due to this. When Allan Fagerstrom sneers in AFTONBLADET at "that stupid devil" he is appealing to a widespread and ignoble envy that likes to believe that the higher-ups in society are both dumber and more dishonest than the average Swede. In reality nine out of ten people would make worse objective mistakes than our least fortunate statesmen. At certain times a high degree of shrewdness, caution and tactics is required here.

And it is precisely these qualities politicians are often criticized for: they are too smart, unreliable, tough and coldly calculating. In a number of political science studies throughout the 1970's Swedish voters increasingly agreed with such statements as, "You can never rely on any party's intent to keep its promises" (a shift to the affirmative of around 12 percentage points). And, "The parties are only interested in people's votes, not in their opinions" (25 percent more replying yes than in the past).

Attitude tests like this do not give an exact picture of how much people distrust politicians but they do give evidence that the distrust has increased considerably. Associate Professor Soren Holmberg recently discussed various possible explanations in the book, "Swedish Voters."

The shift in governments is not a major reason: the decline affects all parties almost equally. Of several factors involved the two most important are probably the increased importance of the mass media in people's concepts of society and

reality and a general, hard to define but important change in the so-called spirit of the times.

In accordance with their roles politicians in democracies must criticize and oppose each other. It is natural for Party A and its followers to have "little confidence" in Party B and its representatives. If--as now seems to be the case--people's traditional class or personal ties to a certain party are weakening it is of course easier for the feelings of distrust to be dispersed to include the whole politician category. The evil intentions one attributes to others are generalized but the good intentions one claims for oneself are not.

Part of the picture of the informed, intelligent modern person is a certain skepticism of the "they can't fool me" type. If it gives status to be seen as relatively sophisticated many people stress or exaggerate this attitude; it also seems that this trait is stronger the less politically informed one is.

The general appearance of the parties in the so-called service democracy also plays an important role in the declining respect the public has for them. According to the democratic ideal the basic task for each party should be to shape public opinion for--and thus help bring about--a better society whether socialist, liberal, conservative or whatever one wants to call one's ideas. Instead they often seem to take the views of the voters as fixed and as something not much can be done about, making the main goal an effort to show that one's own party can best accommodate existing demands, especially the purely materialistic demands.

If the party contest is shifted from opinion formation to exploitation the bidding and the expectations of those not in the know are screwed up to unrealistic levels. Sooner or later people will become disillusioned.

If this major reason for the antipolitical backlash is further reinforced by the fact that most party people are recruited from the ranks of professional speakers and if they grant themselves favors many consider to be undeserved there is always some danger of fascist tendencies or at least a Glistrup phenomenon.

What can be done then to create reasonable trust in politicians and at the same time make them worthy of such trust?

More massive direct contact via TV by active party members, not just party leaders, is one way. One often has contempt for people one doesn't know personally.

Another method is to be careful about retirement items, pensions and professional politicians according to the rule of Stig Stromholm and Sven Delblanc among others.

Political scientists, philosophers and other scientists should be able to make an impact through a systematic, rapid and as much as possible nonpartisan surveillance of the everyday political work. Who is contradicting himself about what, who is employing persuasive definitions and other tricks? A kind of voluntary political consumer information service should force parties to weigh the vote points certain kinds of demagoguery unfortunately can give against the loss of

prestige that would be the cost if such tricks were unmercifully and irrefutably disclosed.

The Tingstenian vision of political scientists and others serving as a kind of housecleaning service for politics has not lost its relevance; on the contrary.

6578

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SOLDIERS UNION DEMANDS FORTY-HOUR WEEK

Amsterdam DE TELEGRAAF in Dutch 6 Nov 81 p 3

[Report by Arnold Burlage: "Non-commissioned Officers 'fight' for 40-hour week -- 'Work Conditions for Retrenchments'"]

[Text] Amersfoort, Friday--Non commissioned officers in our army are planning work-rule campaigns if a 40-hour work week is not officially initiated for all the military.

The military want that from now on overtime is paid out or is fully compensated for in free time.

The unexpected extra costs for the defense budget are estimated at 273 million guilders. The military believe that "normal work conditions" must have priority over further retrenchments in defense and in their salaries.

In the next consultation between Minister of Defense H. van Mierloo and the military unions these hard demands will be brought up. The non-commissioned officers' organization "Ons Belang," which has almost 10,000 members, confirmed that yesterday.

Right

"We finally want the minister to give us the right which has been in existence for a long time for industry and for civil servants," says Robert Joustra, secretary of the biggest organization for non-commissioned officers. If the demands of the military are not met, there are plans for actions in the army. The spokesman of "Ons Belang" confirms that there are plans, amongst others, for the setting of a definite limit on overtime by the military.

All Right

"We are not mercenaries, but we demand that a distinction be made between war- and peace time. Economizing in a responsible manner is all right, but the work hours of the soldiers must not be abused," said the secretary of Ons Belang.

The improved work- and rest period regulation is to be in effect for career soldiers (57,000) and conscripts (55,000). "Ons Belang" estimates the costs of the "normal work conditions" at 273 million guilders.

Estimate

"The financial consequences of our demands cannot be predicted exactly. Overtime is not officially listed by the army. We have had to estimate that carefully. Therefore the costs could ultimately turn out to be less or more than expected," according to the spokesman.

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CSO: 3105/41

CENTER PARTY APPROVAL OF JAS LAUDED

Stockholm SVENSKA DAGBLADET in Swedish 9 Nov 81 p 2

[Editorial: "Center Says 'Yes' to JAS"]

[Text] The Center Party now seems to have decided to say 'yes' to the JAS military aircraft. That is a reasonable interpretation of the information that that party's Riksdag group has agreed to take "a positive position" on the JAS. The information is gratifying. After the dramatic events of the last few weeks, it seems to be at least as urgent as formerly that Sweden should demonstrate its ability to develop a military combat aircraft of its own single-handedly. A decision to do so will be interpreted by the world around us as proof that it is our firm intention to continue to safeguard our independence in the future, as in the past. The JAS has value as a symbol which can scarcely be overestimated.

To that can be added other important aspects of the question which were touched upon by Minister of Defense Torsten Gustafsson in a speech this weekend. Gustafsson emphasized the importance of the defense effort for employment and technical development in Swedish industry. Defense orders provide jobs for tens of thousands of people and are responsible, for example, for 10 percent of employment in the machine-building industry.

It is to be hoped that a parliamentary majority is now going to be obtained for a favorable decision on the JAS questions. It is not clear what the final position of the Social Democrats is going to be, but it naturally would be of extreme importance if they declared their willingness to back the project.

A Social Democratic 'yes' to the JAS unquestionably would be one way of restoring confidence in social democracy as a guarantee for a strong Swedish military defense program.

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CSO: 3109/40

PAPER EXAMINES OPPOSITION TO JAS IN SOCIALIST PARTY

Stockholm SVENSKA DAGBLADET in Swedish 11 Nov 81 p 2

[Editorial: "JAS: Socialists Still Saying 'Oh, Really?' on It"]

[Text] Stop the JAS!

Under the heading, the chairman of the SSU [Swedish Social Democratic Youth Association], Jan Nygren, calls upon the Social Democrats to say 'no' to the JAS aircraft in an article on the editorial page of AFTONBLADET (Social Democratic Party) on Tuesday. Nygren found support for such a 'no' in the defense resolution of the Social Democratic Party's congress.

If one turns back to page 4 in the first edition of AFTONBLADET, one finds the heading, "Palme says 'yes' to the JAS." The views on defense policy within the Social Democratic Party can hardly be illustrated in a better way. However, it is that party's own fault that it got itself into that situation. The party congress at the end of September and the beginning of October was not able to take a position on the JAS; it did not feel that it had sufficient data to be able to do so. However, in his speech to the congress, Olof Palme expressed himself in such terms that many deputies got the idea that a Socialists 'no' was to be expected. And now, a little more than a month after the adjournment of the congress, a Social Democratic 'yes' to the JAS is on the way!

They say that the Social Democrats will not be able to avoid a quite painful discussion of their elaborate maneuvering on defense policy--of course, the congress's decision means lower expenditures for total defense and, within the total defense budget, a reallocation from military to civil defense. But there is also reason actually to welcome the tune that was played in a prominent position in STOCKHOLMS-TIDNINGEN (Socialist) on Tuesday. Those in the Social Democratic Party who favor defense have felt more and more uncomfortable in recent years. But now the Social Democratic party congresses are giving themselves a reprimand because they wrote "the questionable demand for a reduction of our military outlays 'in real terms' full consciousness of what they were doing, under the overall heading of "rearmament."

In general, STOCKHOLMS-TIDNINGEN's argument on the JAS question is identical with that which has been presented in these columns: there are defense-policy reasons, technological reasons and industrial-policy reasons which favor the JAS. The deciding factor must be the purely military evaluation of it. If that then can fall in line

with high demands for technological development and aspects having to do with industrial policy, the argument naturally is strengthened. However, where the party congress's position on defense questions is concerned, there are several windings to be expected along the road which perhaps will lead to the Socialists' finally saying 'yes' to the JAS. There must be more compensatory jobs in Sweden from the two American engine manufacturers which are in a tug of war with each other for orders worth billions of kroner. There must also be more civilian jobs to preserve employment in Norrbotten, so to speak.

In that way, the Social Democrats are meeting the powerful metal industry workers' union halfway. Nevertheless, as a consequence of the dualism of the party's defense policy, it is a hazardous argument: shall Swedish defense depend upon whether a few hundred jobs can be transferred to Lulea or not? If so, then a vote of 'yes' on the JAS, and if not, then a vote of 'no'!

To STOCKHOLMS-TIDNINGEN's credit be it said that it argues, from the point of view of military requirements, that we naturally cannot imagine having a defense program without an air force and that it is hard to imagine a Swedish air force without a good many aircraft, and that they should be Swedish-built to the extent possible.

Under any circumstances, the new way of thinking must not be allowed to result in a delaying of the Defense Committee's work--of course, the final verification is to take place on 27 November. Now it is rumored that the Social Democrats on the Defense Committee will not take a stand on the JAS--a miserable performance by miserable people!--because it just isn't a military question but a question of industrial policy instead.

STOCKHOLMS-TIDNINGEN thinks that continued delay "would be too bad" and urges universal unity. As far as SVENSKA DAGBLADET is concerned, it will use more forceful words. It would be inexcusable to continue the tug of war on defense policy. If the Social Democrats do not reach a decision, the nonsocialists parties will take the responsibility for a defense resolution next year. The Swedish people would regard anything else as neglecting the nation's defense.

Then it cannot be helped if the Social Democrats are told, in the harsh words of Lieutenant Zidens to his men: "You have been moving like a bunch of toads and now you have gotten behind again."

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CSO: 3109/40

LARGEST POST-WORLD WAR II MILITARY EXERCISE TO START

Stockholm DAGENS NYHETER in Swedish 11 Nov 81 p 15

[Text] The largest exercise by the defense forces in Sweden since World War II is to be held in Norrbotten in March 1982.

More than 20,000 men are to participate in the exercise, which is being called "Norrskan." A large number of the units involved come from Central Sweden and are to be transported up to the maneuver area by air, train and highway, after mobilization, and be put into the "fighting" directly. This exercise will replace a number of other refresher maneuvers which are planned for various units in Central Sweden and in Norrland. The additional cost for the large, joint exercise is calculated at 7 million kronor.

During the "Norrskan" exercise, 2,500 men will be transported to Norrbotten by air, 4,500 men will go by train and 12,000 on the highways by automobiles and buses. The Air Force will participate with close to 200 aircraft and helicopters. Flight units in Skane are to operate in Upper Norrland from their home bases in Skane. Full-scale, combat-type medical care will be provided, from personnel giving treatment at field hospitals at the front to transportation out of the military area.

Roads are to be blown up and repaired in order to provide realistic practice. The exercise is to last 11 days. To clean up after the exercise, school children are to be employed during the summer to tidy up in the woods as a summer job. The big exercise is also going to have an audience. Civilians will have opportunities to watch the fighting for 3 days.

A visiting day for 10,000 spectators is being planned in Boden.

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CSO: 3109/40

MILITARY

SWEDEN

BRIEFS

SUPPLEMENTARY DEFENSE BUDGET OUTLAYS--Defense will get 156 million kronor for surface attack vessels, including new motor torpedo boats, and 71 million kronor more for the patrol ship which is to be produced at the Karlskronavarv. On the whole, those amounts take price changes into consideration. This is evident from the supplementary budget for almost 1 billion kronor which the government wants the Riksdag to approve. [Except] [Stockholm DAGENS NYHETER in Swedish 10 Nov 81 p 6] 9266

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